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DEFINING CONTRACT TERMS

THESIS

Michael J. Cushing, BBA Mary R. Spalding, BA

AFIT/GCM/LSP/92S-3

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DEFINING CONTRACT TERMS

THESIS

Presented to the Faculty of the School of Systems and  
Logistics of the Air Force Institute of Technology  
Air University  
In Partial Fulfillment of the  
Requirements for the Degree of  
Master of Science in Contracting Management

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Mary R. Spalding, BA

September 1992

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Mike Cushing

Becky Spalding

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Abstract

The goal of this research effort was to develop consensus definitions for fifty-one (51) contracting terms. This was accomplished by developing a synthesized definition for each term based on a review of the available published literature, subjecting the synthesized definitions to expert scrutiny via a survey distributed to recognized contracting professionals, and amending the literature-based definitions as indicated by the survey responses. Using this approach, consensus was achieved on all but one term. The consensus definitions developed in this way are recommended for inclusion in a comprehensive dictionary of contracting terminology, to be comprised of the results of this and other related theses. In addition, as indicated by the survey results, three terms are recommended for further study in a later thesis effort.

## DEFINING CONTRACT TERMS

### I. Introduction

#### Overview

As the contracting field within the Federal Government makes the transition from the administrative to the professional level, it becomes incumbent on the members of the field to define, refine, and elaborate on the "organized body of knowledge" (33:74) which is one of the standards associated with a professional designation. As Connie L. Thornton pointed out in her 1987 thesis, titled "Contracting: A Systemic Body of Knowledge", this organized body of knowledge "furnishes a firm grasp of the subject matter through the development of well-defined concepts and the articulation of existing relationships on which there is widespread agreement" (33:74). Drs. David Lamm and William Pursch, in an article chronicling the continuing effort of which this thesis is a part, note that

one of the most critical aspects of the contracting profession is effective communication. Almost every function or task performed in contracting seems to be affected by the written or spoken word. (23:41)

In the context of the contracting community, an organized body of knowledge is the necessary foundation for effective communication which enhances and facilitates all aspects of the contracting function.

## Background

"A crucial element of the contracting body of knowledge is general agreement as to the meaning of terms used in the contracting language" (23:41). To this end, consensus definitions of critical contracting terms must be identified or developed. As the end product of his thesis, titled "The Identification of Contracting Terms in Support of the Contracting Body of Knowledge", Capt. William J. Hauf developed a master list of 448 terms, the understanding of which is critical to the contracting professional (20:55-64). The terms included in his master list were selected based on their "frequency of use, potential for ambiguity or misunderstanding, relevance and importance to the contracting process, presence in contracting literature, and overall practical value to the body of knowledge" (20:28). Input from "selected experts in the contracting and education fields" was also solicited (20:vii). It was anticipated that the terms included in this master list would "be defined by associated [follow-on] research leading to the eventual publication of a dictionary" of contracting terms in association with the National Contract Management Association (NCMA), an organization of Government and industry contracting professionals (20:vi).

## Specific Problem

The current thesis effort, which represents a continuation of work previously conducted by graduate students at the Naval Postgraduate School (NPS) and at the Air Force Institute of Technology (AFIT), will



result in development of consensus definitions of fifty-one terms selected from Hauf's master list.

### Investigative Questions

For each of fifty-one contracting terms addressed by this research effort, the following questions must be answered:

1. What are the current definitions of this term in the existing literature?

The answer to this question will be found through an exhaustive review of available contracting literature, including regulations, journals, and instructional materials and texts, and existing glossaries and dictionaries, as well as literature and reference materials of a more general nature, where appropriate.

2. Are the definitions found in various sources consistent? Are they complementary? Are there conflicts among published definitions? Do the sources support more than one valid use (meaning) for the term?

This question is answered through a critical analysis of the similarities and differences in the definitions offered by the various sources. Where there is disagreement among the various sources as to the meaning of a term, more extensive research into the background of the term is necessary.

3. Are the published definitions consistent with operational definitions currently in use?

The answer to this question is obtained through distribution of surveys to recognized contracting professionals. The surveys will measure their level of concurrence with the synthesized definitions developed

as a result of the review and critical analysis of the existing literature described above.

The answers to these questions must be used to develop, first, a synthesized definition (or definitions, if more than one meaning is supported) for each term based on a review of the available literature, and second, a consensus definition for each term based on survey responses indicating the extent to which contracting professionals agree with the synthesized definition.

### Thesis Overview

This thesis is composed of five chapters. This chapter has offered background on and an overview of the subject (and object) of this research effort. The specific problem addressed by this effort, as well as the investigative questions which provide direction for the research, have been identified. The second chapter comprises the results of the literature review conducted in order to answer investigative questions one and two, and delineates the thought processes involved in the development of synthesized definitions of the terms. Chapter III details the methodology associated with this research effort. The replicative nature of the methodology, and the reasons for replicating procedures used by past researchers, are addressed. In addition, the rationale for the selection of the surveyed population and identification of the sample group, the manner in which the survey was developed, and the decision rules applicable to

analysis of the survey results are discussed. In Chapter IV, the survey responses and any changes to the original synthesized definitions as a result of the respondents' input are set forth. Finally, Chapter V offers a summary of the research effort and the results obtained, identifies the consensus definitions developed as a result of the research, and provides recommendations relative to the results of this effort, as well as to the efforts of future researchers. Attachments to the thesis include copies of the survey cover letter (Appendix A), the follow-up postcard (Appendix B), the follow-up survey letter (Appendix C), the survey questionnaires (Appendix D), and the final proposed definitions (Appendix E).

## II. Literature Review

### Introduction

As explained in Chapter I, this thesis represents a continuation of work previously conducted by graduate students at the Naval Postgraduate School (NPS) and at the Air Force Institute of Technology (AFIT) to compile a list of consensus definitions of key Government contracting terms. The terms to be defined herein have been selected from a master list of terms which was the end product of a master's thesis written by William Hauf, of AFIT, in 1990 (20:Appendix E). As the contracting field within the Federal Government makes the transition from the administrative to the professional level, it becomes incumbent on the members of the field to define, refine, and elaborate on the "organized body of knowledge" which is one of the standards associated with a professional designation (33:74). The research by past and current graduate students to develop consensus definitions of the terms included in Hauf's master list has been done in the expectation that agreed-upon definitions for these key terms would significantly enhance the contracting body of knowledge. This joint NPS-AFIT effort is sponsored by the National Contract Management Association (NCMA), an organization of Government and industry contracting professionals.

## Scope

The scope of this effort is limited to an analysis of the current usages and published definitions of fifty-one contracting terms. The terms to be defined are generally phrases which consist of two or more words. However, since the object of this effort is not to define each component word, but rather, to develop a definition of each concept in the context of the contracting profession, the authors assume that the reader has a working understanding of the component words. No attempt will be made to define component words, which may, in fact, be repeated in the definition. For example, such words as "criteria", "certificate", "relationship", et cetera, are assumed to be understood. Where appropriate, a component word, such as "contract", "cost", or "price", has been or will be separately defined in another thesis.

Because the intention of this effort is to develop definitions in support of the contracting body of knowledge, the literature review places particular emphasis on contracting regulations, as well as publications related to contracting. Literature and reference materials of a more general nature (for example, Webster's New World Dictionary) are not excluded from the review, but they are not its primary focus. A list of the fifty-one terms to be addressed in this thesis follows.

Affirmative Action  
Assessment Criteria  
Bid Protest  
Certification of Cost or Pricing Data  
Competition in Contracting Act (CICA)  
Contract, Cost Reimbursement (CR)

Anti-trust Law  
Award fee  
Buy American Act  
Commercial off-the-Shelf  
Competitive Negotiation  
Contract, Fixed Price (FFP)

Contract, Indefinite Quantity (IQ)	Cost Accounting Standards (CAS)
Cost Criteria	Cost Estimating Relationship
Cost Growth	(CER)
Cost Performance Reports	Data Item Description (DID)
Debriefing	Economic Price Adjustment (EPA)
Engineering Estimate	Clause
Estimate at Completion (EAC)	Estimate to Complete (ETC)
Evaluation Criteria	Expense Pool
Forward Pricing Rate Agreement (FPRA)	"Grass Roots" estimate
Incurred Cost	Independent Research and
Labor Surplus Area	Development (IR&D)
Labor Surplus Area Concern	Other than Full and Open
Pre-Award	Competition
Profit Analysis	Prompt Payment Discount
Prospective Pricing	Purchasing System
Rates and Factors	Set-Aside
Small Business Concern	Small/Small Disadvantaged
Source Selection Authority	Business Concern
(SSA)	Source Selection Advisory
Source Selection Evaluation	Council (SSAC)
Board (SSEB)	Specific Criteria
Target Fee	Teaming Agreement
Technical Evaluation	Termination Contracting Officer
Unallowable Cost	(TOO)

The majority of these terms are related to one of two subsets of the broad arena of contracting and acquisition, these subsets being source selection and contract pricing. These fields were selected for emphasis because they match the authors' interests and areas of expertise. However, as the words were drawn from a master list of which many entries had already been addressed by previous graduate students (and as the authors' goal was to address a minimum of fifty terms), it was necessary to supplement the terms associated with these two sub-disciplines with others which have a more general application to the contracting field. Because of the mix of the fifty-one words selected, an attempt at "thematic" developments is considered

inappropriate. Therefore, each term considered herein is addressed on a stand-alone basis.

#### Method of Treatment and Organization

As a starting point in the development of consensus definitions for the terms addressed in this thesis, a research of the literature was conducted to establish the range of current, formal definitions of each term. The various definitions of each term were then evaluated for similarities and differences, and a single, synthesized definition was formed. This synthesized, or "strawman", definition was developed, first, by selecting the meaning most commonly found through a review of the literature, and second, by amending that definition as appropriate based on a critical analysis of the differences noted among the published definitions. The findings of the review of the current literature and the resultant synthesized definition for each term are the subject of this chapter.

#### Research Findings and Development of Synthesized Definitions

##### Affirmative Action

The Dictionary of Purchasing Terms defines affirmative action as "action taken to assure equal opportunities in hiring to disadvantaged groups, such as members of minorities and women" (13: 1).

The Federal Acquisition Regulation (FAR) defines affirmative action programs at FAR 22.801 as "a contractor's program that complies

with Department of Labor regulations to ensure equal opportunity in employment to minorities and women" (16:22-23). Keyes Encyclopedic Dictionary of Contract and Procurement Law restates the FAR definition (22:A-27).

Black's Law Dictionary contains the following definition for the term:

Employment programs required by federal statutes and regulations designed to remedy discriminatory practices in hiring minority group members; i.e. positive steps designed to eliminate existing and continuing discrimination, to remedy effects of past discrimination, and to create systems and procedures to prevent future discrimination; commonly based on population percentages of minority groups in a particular area. Factors considered are race, color, sex, creed, and age. (1:59)

The concept of federal statutes set forth in Black's needs to be included in the synthesized definition in order to reinforce the legal standing of affirmative action. Additionally, the fact that formal programs are required should be incorporated. The synthesized definition, incorporating these concepts into the FAR definition, is:

A contractor's program, required by federal statutes and regulations, that ensures equal opportunity in employment to minorities and women.

Synonym: Equal Opportunity Programs

Antonym: Discriminatory Hiring Policies

#### Anti-trust Law

Black's Law Dictionary defines anti-trust acts as "federal and state statutes to protect trade and commerce from unlawful restraints, price discriminations, price fixing, and monopolies" (1:94).



The Dictionary of Purchasing Terms defines anti-trust legislation as the "regulation of trusts, cartels, or business monopolies to eliminate or preclude noncompetitive business practices" (13:2). The National Contract Management Association's Desktop Guide to Basic Contracting Terms does not define "anti-trust laws", but defines anti-trust violations as "anticompetitive practices such as collusive bidding, follow-the-leader-pricing, rotated low bids, collusive price estimating systems and sharing business" (11:12). These are some of the examples of anticompetitive practices listed at FAR 3.301 (16:3-18).

The synthesized definition, which captures the legal content of the Black's and Dictionary of Purchasing Terms definitions, follows:

Federal and state statutes enacted to protect trade and commerce from the anticompetitive practices of unlawful restraints, price discrimination, price fixing, and monopolies by trusts, cartels, or business monopolies. For examples of practices that constitute violations of anti-trust laws, see FAR 3.301.

Synonym: None

Antonym: None

#### Assessment Criteria

Formal Source Selection Procedures for Major Acquisitions (AFR 70-15/AFFARS Appendix AA) states that assessment criteria

relate to the offeror's proposal and abilities. They typically include but are not limited to such aspects as soundness of technical approach, understanding of the requirement, past performance, and the impact on schedule. Assessment criteria may also be ranked in relative order of importance unless they are regarded to be of equal importance. The result of applying each assessment criterion against specific criteria in a matrix fashion shall be summarized at least graphically at the item level.  
(4:14)

Streamlined Source Selection Procedures (AFR 70-30/ AFFARS Appendix BB) contains a general description of assessment criteria similar to that in AFR 70-15. AFR 70-30/AFFARS Appendix BB also has the following definition for the term in its Attachment 1, Glossary of Key Terms: "a type of evaluation criteria that relates to the offeror's proposal and abilities and is applied to specific criteria (that relates to program/project characteristics) in a matrix fashion" (6:7).

Section F of the Air Force Systems Command (AFSC) Supplement to AFR 70-30/Appendix BB contains a different description for source selections for Science and Technology (S&T) efforts, as follows.

Use of standards is optional. For many S&T efforts, a minimum acceptable level of compliance with a requirement cannot be identified or developed into a qualitative or quantitative standard. When a standard cannot be developed assessment criteria should be used to determine proposal acceptability and technical merit. Assessment criteria for S&T efforts may include:

- (1) Understanding the problem.
- (2) Soundness of approach.
- (3) Compliance with requirements.
- (4) Novel approach.
- (5) Availability of necessary equipment and facilities.
- (6) Management capability.
- (7) Experience and qualifications (7:284.29)

The research indicates that two definitions for the term are required, one for systems, subsystems, etc., and one for Science and Technology efforts. The definitions should incorporate the relationship of assessment criteria with the evaluation standards, and with evaluation criteria. The synthesized definitions are as follows:

#### Assessment Criteria (For Other than Science and Technology)

A type of evaluation criteria that relates to the offeror's proposal and abilities. Assessment criteria, in conjunction with the evaluation standards, are applied against the offeror's proposal in terms of the specific criteria for evaluation purposes. Typical assessment criteria are soundness of approach, understanding the requirements, and compliance with the requirements.

Synonym: None

Antonym: None

#### Assessment Criteria (For Science and Technology)

A type of evaluation criteria that relates to the offeror's proposal and abilities, and, in the absence of evaluation standards, are used to determine proposal acceptability and technical merit. Typical assessment criteria are understanding the problem, soundness of approach, compliance with requirements, novel approach, availability of necessary equipment and facilities, management capability, and experience and qualifications.

Synonym: None

Antonym: None

#### Award Fee

The Cost Estimator's Reference Manual defines award fee as "a contractual provision by which the customer determines the fee paid to the contractor on the basis of performances during the contract" (32:559). The National Estimating Society's (NES) Dictionary of Cost Estimating Terms and Phrases contains the same definition (12:18). FAR 16.404-2 contains a description of cost-plus-award-fee contracts that will be extremely useful in constructing the synthesized definition:

A cost-plus-award fee contract is a cost-reimbursement contract that provides for a fee consisting of (1) a base amount fixed at the inception of the contract and (2) an award amount that the contractor may earn in whole or in part during performance and that is sufficient to provide motivation for excellence in such areas as quality, timeliness, technical ingenuity, and cost-effective management. The amount of the award fee to be paid is determined by the Government's judgmental evaluation of the contractor's performance in terms of the criteria stated in the contract. This determination is made unilaterally by the Government and is not subject to the Disputes clause. (16:16-11).

The synthesized definition given below relies heavily on the FAR description.

The portion of fee or profit on a contract with award-fee provisions that may be earned in whole or in part on the basis of the contractor's performance, evaluated in accordance with criteria set forth in the contract. The Government's evaluation of the amount of fee to be paid under the award fee provisions is judgmental and is not subject to the Disputes provision of the contract.

Synonym: None

Antonym: Fixed Fee

### Bid Protest

The FAR and the Desktop Guide both contain the following definition for the term "protest":

a written objection by an interested party to a solicitation by an agency for offers for a proposed contract for the acquisition of supplies or services or a written objection by an interested party to a proposed award or the award of such a contract. (16:33-1; 11:40)

Black's Law Dictionary defines a protest as

a formal declaration made by a person interested or concerned in some act about to be done, or already performed, whereby he expresses his dissent or disapproval, or affirms the act against his will. The object of such a declaration is generally to save some right which would be lost to him if his implied assent could

be made out, or to exonerate himself from some responsibility which would attach to him unless he expressly negatived his assent. (1:1223)

The FAR definition meets the intent of this project in that it is geared to the federal acquisition process. Black's definition is legally generic and not as suited to the project as the FAR definition. The term to be defined requires a modification to the FAR definition. Federal protest procedures are the same for a solicitation whether it is an Invitation for Bids or a Request for Proposals. Since the desired term is "bid protest", the following synthesized definition is offered:

A written objection by an interested party to an Invitation for Bids (IFB) by an agency for a proposed contract for the acquisition of supplies or services, or a written objection by an interested party to a proposed award or the award of such a contract.

Synonym: None

Antonym: None

#### Buy American Act

The Buy American Act is defined in the Desktop Guide to Basic Contracting Terms as follows:

a federal policy stating that manufactured materials, supplies, or articles acquired for public use shall be substantially constituted from domestically mined or manufactured materials; products are considered to be not of domestic origin if the cost of foreign products used in them accounts for fifty percent of the total cost. (11:16)

The FAR defines the policy regarding the Buy American Act as follows:

The Buy American Act requires that only domestic end products be acquired for public use except articles, materials, and supplies--

- (1) For use outside the United States;
- (2) For which cost would be unreasonable as determined in accordance with 25.105;
- (3) For which the agency head determines that domestic preference would be inconsistent with the public interest;
- (4) That are not mined, produced or manufactured in the United States in sufficient and reasonably available commercial quantities, of a satisfactory quality (See [FAR Part] 25.108); or
- (5) Purchased specifically for commissary resale (16:25-1)

The FAR definition of a "domestic end product", set forth below, is critical in defining the Buy American Act:

"Domestic end product", as used in this subpart, means (a) an unmanufactured end product mined or produced in the United States, or (b) an end product manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50% of the costs of all of its components (16:25-1).

Black's Law Dictionary contains the following definition for Buy American Acts:

federal and state statutes which require a preference for American made goods over foreign made goods in government contracts. The purpose of such acts is to protect domestic industry, goods, and labor. (1:200)

The definition contained in the Desktop Guide does an excellent job of capturing the essence of the policy on the Buy American Act. The major revision in the synthesized definition is a change in the approach to the identification of the concept of domestic origin. That is, the synthesized definition addresses what does constitute domestic origin as opposed to what does not constitute domestic origin. This change was made to match the style of the first part of the definition,

which is inclusive rather than exclusive. The synthesized definition is:

Federal policy stating that materials, supplies, or articles acquired for public use shall be substantially constituted from domestically mined or manufactured materials; products are considered of domestic origin if at least fifty-one percent of the components in them are mined or manufactured in the United States.

Synonym: None

Antonym: Free Trade

#### Certificate of Current Cost or Pricing Data

A Certificate of Current Cost or Pricing Data is defined in FAR as a "certificate [which] states that the cost or pricing data are accurate, complete, and current as of the date the Contractor and the Government agreed on a price" (FAR 15.804-4)(16:15-22). According to the FAR, the requirement to submit a certificate is applicable "when certified cost or pricing data are required under 15.804-2" (FAR 15.804-4)(16:15-22). The (mandatory) wording of the certificate itself is set out in the FAR immediately following the definition of the term.

The National Estimating Society's (NES) Dictionary of Cost Estimating Terms and Phrases gives the following definition under the term, "certificate":

Under FAR each contractor is required to submit cost or pricing data and certify to the accuracy, currency, and completeness prior to the award of most contracts unless the price is based on adequate competition, established catalog or market prices of commercial items sold to the general public, or prices set by law or regulation. (12:26)

Rodney D. Stewart's Cost Estimator's Reference Manual gives a very

similar definition, also under the term, "certificate" (32:562). It is noted that the conditions listed in the NES dictionary as those under which the Certificate of Current Cost or Pricing Data is not required are the very conditions under which cost or pricing data are not required under FAR 15.804-2. Thus, the definitions found in contracting publications are very close to that found in FAR. The fact that no significant deviations are found may stem from the fact that FAR does not allow for flexibility in the wording of the certificate itself.

The composite definition based on a review of the literature addresses the two salient features of the certificate, which are its content and its applicability. The synthesized definition is as follows:

A certificate which states that the cost or pricing data submitted to the Government as required by FAR 15.804-2 are accurate, complete, and current as of the date the contractor and the Government agreed on a price. This certificate must be submitted prior to award of the contract to which it pertains.

Synonym: Certificate

Antonym: None

#### Commercial off-the-Shelf

The Compendium of Authenticated Systems and Logistics Terms, Definitions, and Acronyms contains the following definition:

A "commercial" item is an item (either supplies or services) of a class or kind which is (1) regularly used for other than government purposes and (2) sold or traded in the course of conducting normal business operations. (3:134)



The NES Dictionary and the Desktop Guide offer the same definition as the Compendium (11:17; 12:27). The FAR and Keyes Encyclopedic Dictionary both define a "commercial product" as:

a product, such as an item, material, component, subsystem, or system, sold or traded to the general public in the course of normal business operation operations at prices based on catalog or market prices. (16:11-1; 22:37)

The Defense FAR Supplement (DFARS) defines "commercial items" as:

Items regularly used in the course of normal business operations for other than Government purposes which:

- (1) Have been sold or licensed to the general public;
- (2) Have not been sold or licensed, but have been offered for sale or license to the general public;
- (3) Are not yet available in the commercial marketplace, but will be available for commercial delivery in a reasonable period of time;
- (4) Are described in paragraphs (1), (2) or (3) that would require only minor modification in order to meet the requirements of the procuring agency. (10:211.70-1)

The Desktop Guide defines "off-the-shelf" as a

procurement of existing systems or equipment without a research, development, test, and evaluation program or with minor development to make the system suitable for Government needs. May be commercial system/equipment or one already in the government's inventory. (11:36)

The synthesized definition relies on the definitions shown in the Compendium and FAR, but the important concepts of "minor modifications" and "existing" come from the DFARS and Desktop definitions. The synthesized definition follows:

Existing items (either supplies or services) that are sold or traded to the general public in the course of normal business operations at prices based on catalog or market prices, and at most require minor modifications to meet the requirements of the procuring agency.

Synonym: Non-Development Items

Antonym: Development Items

Competition in Contracting Act (CICA)

Since the Competition in Contracting Act is fairly recent legislation (it was enacted as "Division B, Title VII, of the Deficit Reduction Act of 1984 [Public Law 98-369]" (34:4), it postdates much of the available contracting literature. However, educational materials developed by the National Contract Management Association and others proved to be useful in development of a definition of CICA. In an article in the September, 1984, issue of Contract Management, the changes effected by the act are enumerated:

The Competition in Contracting Act of 1984 ... makes sweeping but essentially identical amendments to the two primary procurement statutes for the federal government - the Armed Services Procurement Act (ASPA) and the Federal Property and Administrative Services Act (FPASA). ... Title VII also includes amendments to the Office of Federal Procurement Policy (OFPP) Act, amends the Budget and Accounting Act to codify and strengthen GAO bid protests procedures, and further amends the FPASA to provide a new authority to resolve protests involving procurement of ADP equipment under Public Law 89-306. (34:4)

The prefatory pages of Federal Acquisition Circular (FAC) 84-5 (as shown in an NCM publication titled *Competition: The Law of the Land*), which transmitted changes to the FAR as a result of CICA, also provided a summary of the changes required by CICA:

Under the new coverage, agencies will be required to provide for full and open competition by soliciting sealed bids or requesting competitive proposals, or use other competitive procedures, unless a statutory exception permits other than full and open competition. There are new justification, approval, and notice requirements for contracts employing other than full and

open competition. The coverage also requires appointment of competition advocates and enumerates their responsibilities. (2:104)

Especially informative was an Office of Management and Budget (OMB) memorandum, subject: Analysis of the Competition in Contracting Act of 1984 (as reprinted in Production Competition Course course materials developed by LDI, Inc.). This memo addressed the impacts of CICA in outline form, under the general headings of

- I. Amendments to the ASPA and the FPASA;
- II. Amendments to the OFPP Act;
- III. Protest and Dispute Procedures; and
- IV. Study of alternatives. (29:2-22 to 2-28)

In developing a synthesized definition of CICA, it is necessary to strike a balance between completeness and conciseness. The latter goal is a challenging one: the OMB memo enumerating the effects of CICA in very abbreviated fashion was seven pages long! In the interest of conciseness, it is apparent that the less important aspects of the act must be omitted. On the other hand, the impact of CICA on the way the Government does business was "sweeping", hence a fairly complete rendering is merited. The synthesized definition, which attempts to present a concise but cogent definition, is given below.

Division B, Title VII, of the Deficit Reduction Act of 1984 (Public Law 98-369), CICA is applicable to solicitations issued after 31 Mar 85. It enacted sweeping amendments to the Armed Services Procurement Act (ASPA) and the Federal Property and Administrative Services Act (FPASA), and includes amendments to the Office of Federal Procurement Policy (OFPP) Act and the Budget and Accounting Act. Changes include:

- requirement to provide for full and open competition by soliciting sealed bids or requesting competitive proposals, or

use other competitive procedures, unless a statutory exception permits other than full and open competition;

- new justification, approval, and notice requirements for contracts employing other than full and open competition;
- requirement for the appointment of competition advocates and enumeration of their responsibilities;
- amendment to Budget and Accounting Act to codify and strengthen current GAO bid protest procedures; and
- amendment to FPASA to provide a new authority to resolve protests involving procurement of ADP equipment under Public Law 89-306.

Synonym: none

Antonym: none

#### Competitive Negotiation

The Cost Estimator's Reference Manual and the NES Dictionary both define this term as:

a negotiated procurement that: (1) is initiated by a request for proposals which states the customer's (or buyer's) requirements and the criteria for evaluation of offerors; (2) contemplates the submission of timely proposals by the maximum number of possible offerors; (3) usually provides discussion with those offerors found to be within the competitive range; and (4) concludes with the award of a contract to the one offeror whose offer, price and other factors considered, is most advantageous to the customer (or the buyer). (12:29; 32:564)

The Desktop Guide and the Dictionary of Purchasing Terms contain similar definitions with the exception that they do not indicate that discussions are not mandatory (11:18; 13:6). This is a significant omission, since FAR allows for award without discussion in a competitively negotiated procurement. The synthesized definition incorporates the concept that discussions are not mandatory, and also

contains reference to the competitive procedures set forth in FAR Part 6 (FAR 6.102) (16:6-1 to 6-2). The proposed definition is:

A negotiated procurement that: (1) is initiated by a request for proposals which states the Government's requirements and the criteria for evaluation of offerors' proposals; (2) contemplates the submission of timely proposals by the maximum number of possible offerors through the use of the competitive procedures set forth in FAR Part 6; (3) usually provides discussions with those offerors found to be within the competitive range; and (4) concludes with the award of a contract(s) to the offeror(s) whose proposal(s) is (are) determined to be most advantageous to the government after consideration of the evaluation criteria set forth in the request for proposal.

Synonym: None

Antonym: Sole Source Negotiations

#### Contract, Cost Reimbursement (CR)

The literature reviewed for this term can be broken into two distinct groups: those which address the cost reimbursement contract as a specific contract type, and those which address the family of cost reimbursement (or "cost-plus") contract types. Since the literature indicates that there are two valid uses of this term, the proposed definition must encompass both the narrow and the broad meanings of "cost reimbursement contract".

The sources which identified "cost reimbursement contract" as a specific contract type were fairly uniform in their definition of the term. The National Estimating Society's (NES) Dictionary of Cost Estimating Terms and Phrases offers the following definition:

Type of contract which provides for payment to the contractor of allowable costs incurred in the performance of the contract, to

the extent prescribed in the contract and normally contain (sic) no fee. (12:43)

Stewart's Cost Estimator's Reference Manual contains substantially the same wording (32:573). The Dictionary of Purchasing Terms, put out by the National Institute of Government Purchasing, includes a differently worded definition, which also addresses the question of applicability. It defines a "contract, cost reimbursement, cost contract" as one which "provides for no fee for the contractor; [and is] particularly appropriate for research and development contracts with nonprofit educational institutions or other nonprofit organizations" (13:7). The definition does not mention another traditional use of the cost reimbursement contract, that is, a contract let to a contractor who is a tenant at a Government-owned plant acquiring facility improvements to the plant. Note that the foregoing definition is shown in The Dictionary of Purchasing Terms as a subset of or follow-on to the more general term, "contract, cost reimbursement", meaning a contract which "provides for payment of incurred costs which are allowed under the contract; total cost is estimated for purpose of obligating funds, a ceiling is established that the contractor may not exceed" (13:7). This latter definition, representative of the broader meaning of "cost reimbursement contract", provides information which is enhanced by the definition associated with the more specific meaning of the term.

Based on the review of literature supporting the specific definition of a cost reimbursement contract, it appears that the

salient points of a composite definition would be, first, payment of allowable, incurred costs, and second, the concept that no fee is paid. The synthesized definition for the first, narrow meaning of "contract, cost reimbursement" is, then:

A type of contract which provides for payment to the contractor of allowable costs incurred in the performance of the contract, to the extent prescribed in the contract, but which includes no provisions for payment of a fee.

Synonym: cost contract

Antonym: fixed-price contract

Stewart's Cost Estimator's Reference Manual defines cost reimbursement (in the broad sense) as

a family of pricing arrangements that provide for payment of allowable, allocable and reasonable costs incurred in the performance of a contract, to the extent that such costs are prescribed or permitted by the contract. (32:573)

The NMA Desktop Guide, the NES Dictionary, and the Armed Services Pricing Manual (ASPM) all provide essentially the definition offered by Stewart (8:B-4; 11:23; 12:43). The Desktop Guide, however, elaborates by enumerating the types of contract included under this umbrella term: "See Cost Plus Award Fee, Cost Plus Fixed Fee, or Cost Plus Incentive Fee" (11:23). As indicated above, The Dictionary of Purchasing Terms also includes a definition applicable to the broad meaning of "cost reimbursement contract". Per this source, which elaborated on the Stewart definition, such a contract

provides for payment of incurred costs which are allowed under the contract; total cost is estimated for purpose of obligating funds, a ceiling is established that the contractor may not exceed.  
Note: Cost reimbursement contracts are suitable only when

performance uncertainties do not permit accurate estimation of costs required by fixed-price contracts. (13:7)

Keyes Encyclopedic Dictionary provided substantially the same information, presented in a less telegraphic and more cogent style.

Keyes defines "cost reimbursement type contracts" as

types of contracts which provide for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the buyer. They are suitable for use only when uncertainties in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed-price contract. (22:C-115)

All of the reviewed definitions of the broad or general meaning of "cost reimbursement contract" contained the same principal element of allowance for payment of incurred costs to the extent that they were allowable, allocable, reasonable, and otherwise permitted by the contract. Beyond that basic point, the definitions varied in degree of completeness; however, there is no point on which the published definitions conflict. For the purposes of this effort, clarity is deemed at least as important as brevity. Therefore, the synthesized definition incorporates the basic information found in the Stewart definition, as well as the elaborations suggested by the Keyes, the Desktop Guide, and The Dictionary of Purchasing Terms. However, the discussion of suitability of the contract type or family is deemed to be a subject of such depth that it cannot be adequately covered in a definition. For this reason, mention of suitability will be excluded from the proposed definition. The synthesized definition for the broad



meaning of "cost reimbursement contract" is:

Any of a class of contract types, including cost reimbursement (CR), cost-plus-fixed-fee (CPFF), cost-plus-incentive-fee (CPIF), and cost-plus-award-fee (CPAF), which provides for payment to the contractor of allowable, allocable, and reasonable costs incurred in the performance of a contract, to the extent that such costs are prescribed or permitted by the contract. Under these contracts, an estimate of total cost is developed for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without approval of the buyer.

Synonym: cost type contract

Antonym: fixed price type contract

#### Contract, Fixed Price (FP)

In FAR 16.201, the FAR defines a fixed-price contract as follows:

Fixed-price types of contracts provide for a firm price or, in appropriate cases, an adjustable price. Fixed-price contracts providing for an adjustable price may include a ceiling price, a target price (including target cost), or both. ... the ceiling price or target price is subject to adjustment only by operation of contract clauses providing for equitable adjustment or other revision of the contract price under stated circumstances.  
(16:16-2)

In later passages, the "appropriate cases" mentioned in the FAR definition, as well as the specific contract types to which the term applies, are specified, but these clarifications are not included within the definition, per se. The Armed Services Pricing Manual (ASPM) offers only a brief definition of the term, "fixed price", which fails to enhance the meaning given in FAR. Per the ASPM, that term "refers to a family of pricing arrangements whose common discipline is a ceiling beyond which the Government bears no responsibility for payment" (8:B-5).

The National Estimating Society's (NES) Dictionary of Cost Estimating Terms and Phrases includes a definition quite similar in theme to that given in FAR. However, this source also provides an enumeration of the contract types which fall under this umbrella term (firm-fixed-price (FFP), fixed-price-with-escalation, fixed-price-redeterminable, fixed-price-incentive (FPI)), and elaborates on the "appropriate circumstances" (changes, economic price adjustment) to which the FAR makes reference (12:66). The NES definition is consistent in content (and very similar in wording) with that given in the Cost Estimator's Reference Manual (32:583).

All of the reviewed definitions of "fixed-price contract" contained the same principal element of a ceiling or an upper limit on price. Beyond that basic point, the definitions varied in degree of completeness; however, there is no point on which the published definitions conflict. For the purposes of this effort, clarity is deemed at least as important as brevity. Therefore, the synthesized definition incorporates the basic information found in the FAR, as well as the elaborations suggested by the NES dictionary and Stewart. The synthesized definition is:

Any of a class of contract types, including firm-fixed-price (FFP), fixed-price-with-escalation, fixed-price-redeterminable, and fixed-price-incentive (FPI), the common characteristic of which is a price ceiling. The contract may provide for a firm price, or one which is adjustable, based on contract clauses relative to contract changes, economic price adjustment, etc.

Synonym: None

Antonym: cost type contract

Contract, Indefinite Quantity (IQ)

In FAR 16.504, the FAR provides the following description of an indefinite-quantity contract:

An indefinite-quantity contract provides for an indefinite quantity, within stated limits, of specific supplies or service to be furnished during a fixed period, with deliveries to be scheduled by placing orders with the contractor. (16:16-12)

The FAR goes on to specify that the total quantity ordered by the Government must be within stated minimum and maximum limits, and that the minimum must exceed a "nominal quantity" (16:16-12) in order to make the contract enforceable. Stewart's Cost Estimator's Reference Manual offers substantially the same definition and conditions shown in the FAR (32:512-13). The NCM Desktop Guide does not include a definition of the term, "indefinite quantity contract", but defines an "indefinite delivery/indefinite requirements contract" as

a type of contract in which the exact date of delivery or the exact quantity, or a combination of both, is not specified at the time the contract is executed; provisions are placed in the contract to later stipulate these elements of the contract. (11:31)

The National Institute of Government Purchasing's Dictionary of Purchasing Terms does not include the term, "indefinite quantity contract", but gives the following as a definition of "indefinite quantity buying":

an arrangement which establishes a price agreement with a vendor who will accept orders for the requirements of the government as

they occur. There is no minimum volume guaranteed, however, solicitation[s] should include an estimated quantity based on historical purchasing levels. (13:15)

The various definitions are generally consistent, except in regard to the question of a guaranteed minimum quantity. On that point, the *Dictionary of Purchasing Terms* and the FAR differ, with the former indicating that there is no minimum quantity, while the FAR sets forth a minimum as a component of the contract type. Since the *Dictionary of Purchasing Terms* refers in its definition to the Government as the buyer, and since the FAR is a regulatory document pertaining to Government acquisition, the synthesized definition will incorporate the position of the FAR on this point of contention. The synthesized definition is as follows:

A type of contract which provides for an indefinite quantity, within stated limits, of specific supplies or services to be furnished during a fixed period, with deliveries to be scheduled by placing orders with the contractor. (FAR 16.504(a))

Synonym: None

Antonym: None

#### Cost Accounting Standards (CAS)

Official Government publications failed to be useful in the development of a synthesized definition of this term. FAR provides extensive discussion of individual cost accounting standards in Part 30 (coincidentally titled "Cost Accounting Standards"), but fails to provide a definition of the term. ASPM makes only passing reference to CAS. However, other sources were more forthcoming. In the Cost

Estimator's Reference Manual, Cost Accounting Standards are defined as

cost accounting principles (standards) established by the Cost Accounting Standards Board for the purpose of achieving uniformity and consistency in the treatment of costs by defense contractors and subcontractors. (32:568)

This same definition is found, verbatim, in the NES Dictionary (12:37).

The NCMA's Desktop Guide defines cost accounting standards as "federal standards designed to provide a consistency and coherency in defense and other government contract accounting" (11:23). Since the majority of the published definitions identify "cost accounting standards" as "cost accounting principles", they fail to shed much light on the descriptive portion of the term, i.e. "cost accounting". Black's Law Dictionary defines cost accounting as:

the area of accounting which focuses on the method and system used to compile and analyze the costs of selling and manufacturing products. It includes the method for classifying, summarizing, recording, reporting, and allocating the actual costs incurred and comparing them with the standard costs established. Areas of cost accounting include: job order, process, direct, and standard costing. (1:345)

Combining the fairly universal definition of cost accounting standards as found in the published contracting literature with the elucidation provided by Black's yields the following synthesized definition of cost accounting standards:

Principles, applicable to the compilation and analysis of costs of selling and manufacturing products, including methods for classifying, summarizing, recording, reporting, and allocating costs, established by the Cost Accounting Standards Board for the purpose of achieving uniformity and consistency in the treatment of costs by defense contractors and subcontractors. See FAR Part 30 for an enumeration of cost accounting standards.

Synonym: None

Antonym: none

Cost Criterion

Formal Source Selection Procedures for Major Acquisitions (AFR 70-15/AFFARS Appendix AA) states that:

Cost (price) is a mandatory evaluation criterion that shall be evaluated as an area in every AFR 70-15 source selection according to FAR techniques to determine realism, completeness, and reasonableness. Examples of this area might be cost/price or life cycle cost. Evaluation results are summarized without use of color coding. (4:14)

AFR 70-30/Appendix BB describes cost criteria as:

Mandatory evaluation criterion that is utilized according to FAR techniques to determine realism, completeness, and reasonableness. Evaluation results are summarized without use of color coding. (6:7)

The FAR says that cost or price to the government shall be a factor in every source selection (16:15-13).

The synthesized definition title, as shown above, has been changed to "cost criterion" to reflect the singular nature of the term. The mandatory nature of the criterion should be emphasized, and, as an evaluation criterion, the fact that it is part of the basis for award should be stated. The synthesized definition follows:

A mandatory evaluation criterion that states the basis for the evaluation of the offeror's proposal for purposes of award in terms of cost or price. Examples of cost criteria are acquisition cost/price and Most-Probable-Life-Cycle-Cost (MPLCC).

Synonyms: cost factor, cost area

Antonym: None

### Cost Estimating Relationship (CER)

A definition of the term "cost estimating relationship" (CER) is not found in the FAR. The ASPM includes a fairly rigorous discussion of the development and analysis of CER's, but does not offer a definition of the term. The Glossary of Defense Acquisition Acronyms and Terms defines a CER as "a mathematical relationship that defines cost as a function of one or more parameters such as performance, operating characteristics, physical characteristics, etc" (19:28). Per Stewart's Cost Estimator's Reference Manual, cost estimating relationships are

mathematical expressions relating cost as the dependent variable to one or more independent cost driving variables. The relationship may be cost-to-cost, such as using manufacturing costs to estimate quality assurance costs or using manufacturing costs to estimate costs for expendable material such as rivets, primer, or sealant. The relationship may also be cost-to-noncost, such as estimating manufacturing costs by the use of weight or using the number of engineering drawings to estimate engineering costs. (Both weight and number of engineering drawings are noncost variables.) (32:571)

The NES Dictionary offers a definition consistent with Stewart's, but adds that "it is generally accepted that pricing factors, estimating factors, ratios, parametrics, etc., are cost estimating relationships and should be referred to as such" (12:40).

There seems to be a good deal of concurrence among the sources reviewed as to the definition of a cost estimating relationship, with particular emphasis on the concept of a mathematical relationship. An edited version of the Stewart definition, with some examples dropped to enhance the conciseness of the definition, is selected for the

synthesized definition, below:

A mathematical expression relating cost as the dependent variable to one or more independent, cost-driving variables. The relationship may be cost-to-cost, such as using manufacturing costs to estimate quality assurance costs. The relationship may also be cost-to-noncost, such as estimating manufacturing costs based on the weight associated with the hardware change being estimated.

Synonyms: parametrics, pricing factors, estimating factors

Antonyms: direct estimates, engineering estimates

### Cost Growth

*The Glossary of Defense Acquisition Acronyms and Terms*

defines cost growth as

a term related to the net change of an estimated or actual amount over a base figure previously established. The base must be relatable to a program, project, or contract and be clearly identified including source, approval authority, specific items included, specific assumptions, date and the amount. (19:28)

The Cost Estimator's Reference Manual says that the term implies "an increase in cost experienced during performance of work above a base or estimated cost figure previously established" (32:371).

Since both published definitions include important points, while neither provides a complete definition, it seems that a short, concise, combination of both published definitions would be the best approach for the development of the synthesized definition. Thus, the synthesized definition is:

The net increase of an estimated or actual amount in a baseline figure that has previously been established.



Synonyms: cost overrun, cost escalation

Antonym: cost underrun

### Cost Performance Reports

The Glossary of Defense Acquisition Acronyms and Terms defines cost performance reports as "A monthly report procured by the PM [program manager] from the contractor to obtain Report data from the contractor's management system. In standard format; used in PM's decision making process" (19:23). The Desktop Guide contains a similar definition (11:23). The Compendium of Authenticated Terms contains the following definition:

A contractual report which facilitates timely identification of problems by reporting significant progress to date, deviations from schedules, and planned costs. It also provides a report of contractor management actions that are being taken to resolve existing problems. (3:182)

The synthesized definition relies on the greater detail found in the Compendium, but incorporates the concept that the cost performance report is used by the program manager in making decisions. The proposed definition follows:

A contract data item that reports progress to date, deviations from schedules, and planned costs. This report facilitates the timely identification of problems and assists the Government program manager in his/her decision making process. It also contains information on contractor management actions that are being taken to correct existing problems.

Synonym: None

Antonym: None

### Data Item Description (DID)

The NES Dictionary defines a data item description as "the detailed description of the content of contract data requirements list (CDRL) items, including preparation information, reproduction media , delivery requirements (time and places), etc." (12:47). An examination of the DID Form (DD Form 1664, Feb 85) (9) indicates that it contains somewhat different information than that enumerated in the NES Dictionary. The DD Form 1664 was used in the preparation of the proposed synthesized definition, below:

The specification for a contracts data requirements list (CDRL) item. Information set forth in the DID includes, but is not limited to, the title, identification number, the description and purpose of the data item, approval date of the DID, the office of primary responsibility, and detailed preparation instructions for the data item.

Synonym: None

Antonym: None

### Debriefing

The FAR states at FAR 15.1003 that

when a contract is awarded on the basis of other than price alone (See Subpart 15.6), unsuccessful offerors, upon their written request, shall be debriefed as soon as possible and furnished the basis for the selection decision and contract award. Debriefing information shall included the Government's evaluation of significant weak or deficient factors in the proposal; however, point-by-point comparisons with other offerors shall not be made. Debriefing shall not reveal the relative merits or technical standing of competitors or the evaluation scoring. Moreover, debriefing shall not reveal any information that is not releasable under the Freedom of Information Act. (16:15-41)

AFR 70-15/AFFARS Appendix AA and AFR 70-30/AFFARS Appendix BB contain shorter, but similar, descriptions of debriefings. They differ from the FAR in that they list significant strengths as points to be included in a debriefing. They also point out that the strong and weak points should be in reference to the solicitation requirements (4:25; 6:12). Using all three sources, the following synthesized definition is proposed:

A briefing provided to the unsuccessful offeror(s) when a contract has been awarded on the basis of other than price alone. An unsuccessful offeror must request this briefing in writing, whereupon it must be furnished as soon as possible. The briefing must provide the basis for the selection and award, and must also contain the strong and weak points of the unsuccessful offeror's proposal in relation to the requirements of the solicitation. See FAR 15.1003 for the details of information not to be revealed in the briefing.

Synonym: None

Antonym: None

#### Economic Price Adjustment (EPA) Clause

The term, "economic price adjustment clause" is often discussed, but is not defined, per se, in any of the contracting literature reviewed for this effort. However, the literature review showed that there is a fairly standard definition of the term, "economic price adjustment". Per FAR 16.203-1, "a fixed price contract with economic price adjustment provides for upward and downward revision of the stated contract price upon the occurrence of specified contingencies" (16:16-3). The FAR goes on to enumerate the three bases of price adjustment (established prices, actual costs of labor or material, and

cost indexes of labor or material), as well as applicability and limitations on use of an EPA clause (16:16-3). The ASPM defines economic price adjustment, using FAR terminology, as

an alteration permitted and specified by contract provisions for the upward or downward revision of a stated contract price upon the occurrence of certain contingencies that are defined in the contract. (8:B-5)

Essentially the same definition is offered by the NCM Desktop Guide (11:26), the Cost Estimator's Reference Manual (32:578), and the NES Dictionary (12:55). Since there seems to be widespread agreement as to the definition of economic price adjustment, and as the FAR seems to be the source document for the definitions published in other sources, the FAR will provide the basis for the synthesized definition. The FAR definition is more complete than the definitions found in other sources in two respects: it links the EPA clause to a fixed-price contract type, and it provides the possible bases for an adjustment. As these points are considered to significantly enhance one's understanding of the term, they will be incorporated into the synthesized definition.

An economic price adjustment clause, then, is

a clause which provides for upward and downward revision of the stated contract price of a fixed-price contract upon the occurrence of specified contingencies. An economic price adjustment clause can base price adjustment on established prices, actual costs of labor or material, or indexes of labor or material.

Synonym: escalation clause

Antonym: none

### Engineering Estimate

This term was found to be defined in only one source reviewed in the survey of published literature. That source, the Glossary of Defense Acquisition Acronyms and Terms, provided a definition substantially the same as that provided in other sources for the term "'grass roots' estimate", and advised that the latter term was a synonym (19:43). Since the sources reviewed included definitions for "'grass roots' estimate" more often than for "engineering estimate", and since the terms are interchangeable, the synthesized definition for this term can be found at "'grass roots' estimate", below (see page 2-40).

### Estimate at Completion (EAC)

In Stewart's Cost Estimator's Reference Manual, "estimated cost at completion" is defined as "the current forecast of what the final cost will be for the task, whether it be the total contract or just a portion thereof. It consists of actual costs to date plus the estimate of the balance through contract completion" (32:579). Per The Pricer's Estimating Handbook, "trends ... indicative of past and present performance [are] ... carefully extrapolated to predict the trend of the future ... [which, when] added to the actual expenditures to date, supplies the estimator with an EAC" (28:116).

The Compendium of Authenticated Terms, using as its source DoDD 7000.2, defines "estimated cost at completion" as "actual direct costs, plus indirect costs allocable to the contract, plus the estimate of

costs (direct and indirect) for authorized work remaining" (3:269).

The balance of the literature which offered a definition of an estimate to complete showed an even split between the wording given by Stewart and that shown in the Compendium (12:58; 19:44). Since the latter's mentions of direct and indirect costs seem superfluous, the Stewart definition will provide the basis of the synthesized definition. After some rewording of the Stewart definition to enhance clarity, the synthesized definition becomes

The current forecast of what the final cost of an effort will be. It consists of actual costs to date plus the estimate of the balance through completion of the effort.

Synonym: None

Acronym: actuals

#### Estimate to Complete (ETC)

The FAR, in describing how a contractor is to develop a proposal to be submitted under Standard Form 1411, defines "estimated cost to complete" as

those necessary and reasonable costs that in [the] contractor's judgement will properly be incurred in completing the remaining work to be performed under the contract with respect to the item(s) to which [the] contractor's proposal relates. (FAR 15.804-6) (16:15-26)

Per the NES Dictionary, "estimate to completion" is "an estimate of all costs for the authorized but unaccomplished portion of a specific contract from the date of the estimate through contract completion" (12:58). No other explicit definitions of this term were found in a

review of the literature. Since the FAR definition is basically restated by the Dictionary, the FAR will provide the basis for the synthesized definition. However, since the FAR wording is directed toward proposal development, while an ETC can also be developed by the Government in conjunction with proposal cost analysis, minor changes will be incorporated in order to broaden the applicability of the definition. The synthesized definition of "estimate to complete" is

Those necessary and reasonable costs that in the estimator's judgement are expected to be incurred in completing the remaining work to be performed under the contract with respect to the item(s) to which the estimate relates.

Synonym: None

Antonym: actuals

#### Evaluation Criteria for Source Selection

The Compendium of Authenticated Terms defines evaluation criteria as "the factors, including threshold limits, that permit an accurate determination of the aircraft equipment wear condition" (3:270).

The Glossary of Defense Acronyms and Terms states that evaluation criteria are

standards by which achievement of required operational effectiveness and suitability characteristics, or resolution of technical or operational issues may be judged. At Milestones II and beyond, evaluation criteria must include quantitative goals (the desired value) and thresholds (the value beyond which the characteristic is unsatisfactory. (19:44)

Formal Source Selection Procedures for Major Acquisitions (AFR 70-15/AFFARS Appendix AA) states that

the evaluation criteria form the basis by which each offeror's proposal is to be evaluated. Evaluation criteria are defined at the time the SSP [Source Selection Plan] is prepared. They become part of the plan and must be included in the solicitation. Evaluation criteria should be tailored to the characteristics of a particular program and should include only those significant aspects expected to have an impact on the ultimate selection decision. Evaluation criteria consist of three types: cost (price) criterion, specific criteria, and assessment criteria. (4:14)

AFR 70-30/AFFARS Appendix BB defines evaluation criteria as the basis for measuring each offeror's ability as expressed in its proposal, to meet the government's needs as stated in the solicitation. Evaluation criteria is an "umbrella" term that includes the cost (price) criterion, specific criteria and assessment criteria. (6:17)

The FAR states that "the factors that will be considered in evaluating proposals should be tailored to each acquisition and include only those factors that will have an impact on the source selection decision" (16:15-12 to 15-13). The FAR further says "the solicitation shall clearly state the evaluation factors..." (16:15-13).

The first two definitions indicate that there are different meanings for evaluation criteria in the acquisition community. Accordingly, the term to be defined has been changed to read "Evaluation Criteria for Source Selection" to distinguish it from the other perceptions in the community.

The synthesized definition relies mainly on the AFR 70-30/AFFARS Appendix BB definition with input from AFR 70-15 and FAR. The synthesized definition of "Evaluation Criteria for Source Selection is

The basis for evaluating each offeror's capability as evidenced in its proposal to meet the government's requirements as stated in the solicitation. The evaluation criteria must be clearly stated



in the solicitation. Evaluation criteria are composed of assessment criteria, cost (price) criterion, and specific criteria.

Synonym: None

Antonym: None

### Expense Pool

Although this term was used extensively in some of the literature reviewed, especially in the context of cost accounting standard (CAS) 410, as in "G&A expense pool", no implied or express definition could be found. However, FAR Part 30 defines the very similar term, "indirect cost pool". Definitions of this latter term can be found in other sources, as well. Based on a discussion with an AFIT instructor well-versed in cost accounting standards, it is appropriate to consider the two terms interchangeable, and a definition of one can be derived from the other (31). Therefore, definitions of "indirect cost pool", found within FAR and other sources, will be used to construct a synthesized definition of "expense pool".

At FAR 30.301, an indirect cost pool is defined as "a grouping of incurred costs identified with two or more objectives but not identified specifically with any final cost objective" (16:30-6). The FAR definition is incorporated verbatim in the ASPM, the Glossary of Defense Acquisition Acronyms and Terms, and the NES Dictionary (8:B-6; 12:79; 19:59). Since there is virtually complete agreement among the published sources on the meaning of "indirect cost pool", the FAR definition will be accepted as the synthesized definition. However,

since this is in essence a "borrowed" or substitute definition, survey responses relating to this term must be closely monitored to see whether any improvements or refinements to the definition are suggested. The proposed definition of "expense pool" is

A grouping of incurred costs identified with two or more objectives but not identified specifically with any final cost objective. (FAR 30.301)

Synonym: indirect cost pool

Antonym: None

#### Forward Pricing Rate Agreement (FPRA)

In FAR 15.801, the FAR defines a forward pricing rate agreement as a written agreement negotiated between a contractor and the Government to make certain rates available during a specified period for use in pricing contracts or modifications. Such rates represent reasonable projections of specific costs that are not easily estimated for, identified with, or generated by a specific contract, contract end item, or task. These projections may include rates for labor, indirect costs, material obsolescence and usage, spare parts provisioning, and material handling. (16:15-18 to 15-19)

The FAR definition is included verbatim in *Keyes Encyclopedic Dictionary* (22:F-41). An abbreviated version of the FAR definition is included in the *Desktop Guide*, *Stewart's Cost Estimator's Reference Manual*, and the *ASPM* under the term, "forward pricing arrangement" (8:B-5; 11:30; 32:584). The only inconsistency found among the sources reviewed is in the term itself, with some sources using "forward pricing rate agreement", while others prefer "forward pricing arrangement", which is at the same time more concise and somewhat more

vague. Since the FAR definition is the most complete of those reviewed (and since it is apparently the source of other definitions found in the published literature), it is accepted in its entirety as the synthesized definition. Based on the foregoing, the synthesized definition is as follows:

A written agreement negotiated between a contractor and the Government to make certain rates available during a specified period for use in pricing contracts or modifications. Such rates represent reasonable projections of specific costs that are not easily estimated for, identified with, or generated by a specific contract, contract end item, or task. These projections may include rates for labor, indirect costs, material obsolescence and usage, spare parts provisioning, and material handling. (FAR 15.801)

Synonym: forward pricing arrangement

Antonym: forward pricing rate recommendation (FPRR)

#### "Grass Roots" estimate

In the Cost Estimator's Reference Manual, Stewart defines a grass roots estimate as

an estimate developed by requesting and collecting estimates from functional organizations within a company or agency for a specific statement of work or task. Usually developed by a combination of many estimating methods and techniques but developed by the "doing" people. (32:586)

The NES Dictionary concurs with the Stewart definition, as does the Glossary of Defense Acquisition Acronyms and Terms (although the latter provides the definition under "engineering cost estimate" and lists the term "'grass roots' estimate" as a synonym of that term) (12:72; 19:43). The Pricer's Estimating Handbook provides an informative

discussion of the "'grass roots' method", which includes the following excerpts:

The "grass roots" method, also referred to as an "engineering build-up" or "detailed estimate," is an estimate performed at the functional level of the WBS [Work Breakdown Structure]. An airframe grass roots estimate, for example, would be costed at the manufacturing, engineering, quality control, tooling, and material levels. ... The underlying assumption of the grass roots methodology is that future costs for a system can be predicted with a great deal of accuracy from historical costs of that system. It should be noted that although Government estimators tend to think of grass roots as a detailed estimate using actuals, contractor estimators consider grass roots as a detailed build-up of functional areas using manloading and engineering standards, as well as actual cost data. (28:113-114)

Obviously, the foregoing is rather lengthy, and includes more information than would normally be included in a definition, but several portions can be appended to the Stewart definition in order to enhance its clarity and completeness. Additionally, synonyms are identified.

The synthesized definition of "'grass roots' estimate", based on a consolidation of the two definitions presented above, is

a top-level estimate developed by collecting and combining estimates from functional organizations within a company or agency for a specific statement of work or task. An airframe grass roots estimate, for example, would be costed at the manufacturing, engineering, quality control, tooling, and material levels. Usually developed by a combination of many estimating methods and techniques, including manloading, engineering standards, and actual cost data. The underlying assumption of the grass roots methodology is that future costs for a system can be accurately predicted based on historical costs of that system.

Synonyms: engineering estimate, engineering build-up, detailed estimate

Antonyms: direct estimate, ROM (rough order of magnitude) estimate

### Incurred Cost

The majority of the sources reviewed which addressed this concept did so under the term "cost incurred". That term is implicitly defined in the FAR through the definition of another term. Per FAR 30.301, "'actual cost', as used in this part, means an amount determined on the basis of cost incurred as distinguished from forecasted cost"

(16:30-5). The ASPM, providing a substantially more comprehensive discussion, defines "cost incurred" as

a cost identified through the accrued method of accounting and reporting, or otherwise actually paid. Cost of direct labor, direct materials, and direct services identified with and necessary for the performance of a contract, and all properly allocated and allowable indirect costs as shown by the books of the contractor. (8:B-4)

The ASPM definition is incorporated, in whole or in part, in all other definitions of this term unearthed through a review of the contracting literature (12:41; 19:28; 32:571). Since there seems to be significant consensus surrounding the ASPM definition of this term, it will be accepted in its entirety as the synthesized definition. Thus,

"incurred cost" is defined as

A cost identified through the accrued method of accounting and reporting, or otherwise actually paid. Cost of direct labor, direct materials, and direct services identified with and necessary for the performance of a contract, and all properly allocated and allowable indirect costs as shown by the books of the contractor. (Armed Services Pricing Manual)

Synonyms: cost incurred, actuals

Antonym: estimated costs

### Independent Research and Development (IR&D)

Under FAR 31.001, independent research and development cost is defined as

the cost of effort which is neither sponsored by a grant, nor required in performing a contract, and which falls within any of the following four areas: (a) basic research, (b) applied research, (c) development, and (d) systems and other concept formulation studies. (16:31-2)

Based on a review of the literature, it appeared that there was a significant amount of consensus about the FAR definition. The substance (and wording) of the FAR definition was found in meanings included in the *Glossary of Defense Acquisition Acronyms and Terms*, the *Desktop Guide*, and *Keyes Encyclopedic Dictionary* (11:31; 19:59; 22:I-19). The *NES Dictionary* offered the following definition, in the spirit of the FAR but with some embellishments:

company-funded, engineering direct activities which are not required by contract or grant and which involve inquiry, examination, investigation and experimentation leading to: the discovery of new facts, the revision of accepted scientific or technical conclusions, and practical applications of such new or revised conclusions to new products through studies, evaluation, and development. IR&D funds are partially reimbursed to contractors as reviewed by a Government tri-services agreement. (12:79)

The FAR definition requires minor adjustment to accommodate the term being defined (IR&D), as opposed to "IR&D cost". The NES discussion, while perhaps more verbose than necessary, contributes the important concepts of "company-funded" and "direct effort" to the definition. Therefore, the synthesized definition will be developed by combining the FAR and NES Dictionary definitions. No mention of reimbursement of

IR&D funds under a tri-service agreement will be included, as that topic is fairly complex and not suited to inclusion in a dictionary. Specifically, the synthesized definition of "independent research and development" is

Company-funded, engineering direct activities which are neither sponsored by a grant, nor required in performing a contract, and which involve inquiry, examination, investigation, and experimentation which fall within any of the following four areas: (a) basic research, (b) applied research, (c) development, and (d) systems and other concept formulation studies.

Synonym: None

Antonym: None

#### Labor Surplus Area

The FAR, the Desktop Guide, and Keyes Encyclopedic Dictionary all define a labor surplus area as "a geographic area identified by the Department of Labor in accordance with 20 CFR 654 as an area of concentrated unemployment or underemployment, or an area of labor surplus" (11:32; 16:20-1; 22:L-2). The Dictionary of Purchasing Terms states that a labor surplus area is an "area designated by the Secretary of Labor that has concentrated unemployment or underemployment" (13: 17). The research thus indicates a high degree of concurrence with the FAR definition. Accordingly, the FAR definition, accepted as the synthesized definition, is

A geographic area identified by the Department of Labor in accordance with 20 CFR 654 as an area of concentrated unemployment or underemployment, or an area of labor surplus. (FAR 20.101)

Synonym: None

Antonym: None

Labor Surplus Area Concern

This term was shown on Hauf's master list. It was added because of its relation to the preceding term and the fact that there are conditions associated with being a labor surplus area concern. Merely being located in a labor surplus area does not suffice.

The FAR and Keyes Encyclopedic Dictionary both define a labor surplus area concern as

a concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price. (16:20-1; 22:L-2)

The Compendium also provides a definition which is substantially the same as the foregoing (3:382). Since the sources are in agreement on the definition, the definition found in published literature, accepted as the synthesized definition, is

A concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price. (FAR 20.101)

Synonym: None

Antonym: None



### Other than Full and Open Competition

The research did not reveal any definitions for the term "other than full and open competition". However, the Desktop Guide and FAR both define full and open competition as a situation in which "all responsible sources are permitted to compete" (11:30; 16:6-1). FAR further details the policy of the Government to promote full and open competition and discusses circumstances permitting other than full and open competition (16:6-2 to 6-3). With this information at hand, a constructed definition for other than full and open competition is

The condition that exists when all of the responsible sources are not permitted to compete for the award of a contract. It is government policy that contracting officers shall promote and provide for full and open competition when they are soliciting proposals and awarding contracts. Statutory authorities allowing other than full and open competition are found in FAR 6.302.

Synonyms: sole source acquisitions, restricted competitions

Antonym: full and open competition

### Pre-Award

The literature review did not yield any concrete definition for the term "pre-award". The research is filled with references to reports and notifications that must be received or sent prior to the award of a contract (e.g. pre-award surveys) (16:FAR Index 53). The general thrust of the references is sufficient to propose a synthesized definition that revolves around activities prior to contract award. Additionally, breaking down the word itself using Webster's New World

Dictionary of the American Language, "pre", meaning "prior to", and "award", meaning "to decide", or in our case, decide on a contract, gives credence to the preceding statement (35:97, 1119). Accordingly, the proposed definition is:

All activities and efforts performed that directly relate to the award of a contract and occur prior to the award of said contract are preaward. Examples are acquisition planning, solicitation preparation, and proposal evaluation.

Synonym: None

Antonym: Post-Award

#### Profit Analysis

Although profit analysis is the subject of a fairly extensive discussion in FAR Subpart 15.9, it is not specifically defined within the FAR, nor is it expressly defined in any of the literature reviewed in conjunction with this effort. Nevertheless, a fairly cogent definition can be developed based on the information set forth in FAR 15.9. FAR 15.903 points out that profit analysis is applicable "when price negotiation is based on cost analysis" (16:15-39). Further, the context makes clear that the object of profit analysis is the development of "profit or fee prenegotiation objectives" (FAR 15.903(b)) (16:15-39). In 15.905, the FAR provides profit analysis factors, i.e. those factors which should be considered in development of a profit objective. These factors include contractor effort, contract cost risk, and capital investments. Finally, per FAR 15.905-2, "in order to foster achievement of program objectives, each agency

may include additional factors in its structured approach [to profit analysis] or take them into account in the profit analysis of individual contract actions" (16:15-40). These profit analysis factors are to be applied in the context of the cost objective developed as a result of cost analysis. Chapter 4 of the ASPM, titled "Profit Analysis" does not include a definition, and reiterates in greater detail the information provided by the FAR, with special emphasis on the Weighted Guidelines, the structured approach mandated for use in profit analysis within the DoD (8:4-1 to 4-20).

Based on the general understanding of "profit analysis" afforded by FAR Subpart 15.9 and ASPM Chapter 4, the following synthesized definition is suggested:

The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective. The weighted guidelines method is the structured approach used within DoD. Profit analysis is appropriate only when price negotiation is based on cost analysis.

Synonym: weighted guidelines (WGL)

Antonym: none

#### Prompt Payment Discount

This term was not found in any of the sources reviewed. However, the researchers are aware (based on workplace experience) that this term is a synonym for the term "cash discount". Therefore, the

definitions of the term "cash discount" in published literature will be used to develop a synthesized definition.

In *Accounting Principles*, by Neiswonger et al, the authors explain that, when the credit terms of a transaction do not require advance payment or cash on delivery, "as a means of encouraging payment before the expiration of the credit period, a [cash] discount may be offered for the early payment of cash" (27:102). The cash discount can be expressed within the credit terms stated in the purchase agreement. For example, if the terms are "2/10, n/30", the terms allow a deduction of 2% of the invoice amount if the invoice is paid within 10 days of the invoice date. (The second portion of the credit terms indicates that the net amount is due within 30 days of the invoice date (27:102).) The *Cost Estimator's Reference Manual* defines "cash discount" consistently with Neiswonger (32:562), as does the *NES Dictionary* (12:26).

Based on a review of the literature, the concept to be emphasized in development of the synthesized definition is that of a reduced expenditure based on early payment of an invoice. The synthesized definition of "prompt payment discount" is

A percentage reduction of the invoice amount offered for the early payment of cash as a means of encouraging payment before the expiration of the credit period. For example, if a contract or purchase order includes credit terms of 2/10, n/30, a prompt payment discount of 2% of the invoice amount may be taken if payment is made within 10 days of the invoice date.

Synonym: cash discount

Antonym: none

### Prospective Pricing

Prospective pricing is defined in the ASPM as "a pricing decision made in advance of performance, based on analysis of comparative prices, cost estimates, past costs, or combinations of such considerations" (8:B-8). Other sources which defined this term incorporated the ASPM definition verbatim (11:40; 12:118; 32:601). Based on the high degree of agreement in the currently published literature, the synthesized definition will be taken directly from the ASPM. The proposed definition of "prospective pricing" is

A pricing decision made in advance of performance, based on analysis of comparative prices, cost estimates, past costs, or combinations of such considerations. (Armed Services Pricing Manual)

Synonym: forward pricing

Antonym: None

### Purchasing System

FAR Part 44 contains numerous references to the term "purchasing system", especially in the context of the Contractor Purchasing System Review (CPSR), but the term is never defined. Nor could a formal definition of the term be found in any of the published literature, despite a review of numerous purchasing textbooks, as well as articles on the CPSR process. An attempt will be made to synthesize a definition based on the information contained within the FAR. However, it is expected that the survey respondents will offer suggestions which may enhance the proposed definition.

At FAR 44.101, "contractor purchasing system review (CPSR)" is defined as

the complete evaluation of a contractor's purchasing of material and services, subcontracting, and subcontract management from development of the requirement through completion of subcontract performance. (16:44-1)

The FAR goes on to describe the extent to which a contractor's purchasing system must be reviewed. The discussion of the areas to be reviewed can shed some light on the components of a purchasing system. According to FAR 44.303,

Special attention shall be given to--

- (a) The degree of price competition obtained;
- (b) Pricing policies and techniques ... ;
- (c) Methods of evaluating subcontractor responsibility ... ;
- (d) Treatment accorded affiliates and other concerns having close working arrangements with the contractor;
- (e) Policies and procedures pertaining to labor surplus area concerns and small business concerns ... ;
- (f) Planning, award, and postaward management of major subcontract programs;
- (g) Compliance with Cost Accounting Standards in awarding subcontracts;
- (h) Appropriateness of types of contracts used ... ; and
- (i) Management control systems ... to administer progress payments to subcontractors. (16:44-4)

Using the information provided in FAR Part 44, the following synthesized definition is developed:

The methods, practices, procedures and policies applicable to the purchase of material and services, placement of subcontracts, and management of subcontracts from development of the requirement through completion of subcontract performance. The purchasing system includes policies and practices regarding price competition, price analysis, subcontractor evaluation, and compliance with prime contract clauses and public law.

Synonym: none

Antonym: none

### Rates and Factors

This term was not found to be defined in any of the literature reviewed. It is possible that the lack of formal definitions can be attributed to the fact that the term is composed of two words ("rates" and "factors") which are generally rather intuitively understood within the contracting community. Although the term was not specifically defined, each of the component words was defined in both Stewart's Cost Estimator's Reference Manual and the NES Dictionary. According to Stewart, a rate is "the dollar value (actual or estimated) applied to such things as one hour of labor effort, one unit of computer equipment or machine usage" (32:602). A factor is defined as

a numerical expression of value, or ratio, expressed as a percentage. A factor is used as a multiplier and, when combined with or related to other factors, contributes to produce a resource or cost estimate. (32:581)

The NES Dictionary offers identical definitions for the two component words (12:63, 123). Since there is agreement about the definitions of the component words by the two sources which defined those components, these definitions will be used to generate a synthesized definition for the composite term. However, the synthesized definition must build on the individual meanings by addressing the collective nature of the term, a concept which is overlooked when the component words are addressed separately. The result is given below.

Dollar values or percentages (actual or estimated) which are multiplied by applicable base amounts (such as one hour of labor effort, one dollar of labor cost, one unit of computer equipment or machine usage, etc) to produce resource or cost estimates. Collectively, the set of all such dollar values or percentages used within a particular estimating system to generate a resource or cost estimate. Includes labor rates, overhead rates, cost of money rates, cost estimating ratios, etc.

Synonym: none

Antonym: none

### Set-Aside

The Desktop Guide defines set-aside as "a kind or class of procurement reserved for contenders who fit a certain category (e.g. business size, region, minority status)" (11:43). The Dictionary of Purchasing Terms states that the term means "a procedure whereby an established percentage of expenditures is designated for exclusive bidding or purchase from specified (minority, small, disadvantaged, etc.) businesses" (13:28).

Keyes Encyclopedic Dictionary has the following definition for set-asides:

A Federal program which provides competitive opportunities for small business by restricting a procurement partially or totally to competition among small business firms and thus broadens the industrial base of the country. (22:S-23)

The FAR states that a set-aside for small business "is the reserving of an acquisition exclusively for participation by small business concerns" (16:19-28). The FAR further discusses set-asides for labor surplus areas and small disadvantaged business concerns (16:20-1 to 20-2).



The keys to the synthesized definition involve defining a set-aside and determining applicability. The FAR information provides the necessary data for the synthesized definition set forth below:

The reservation of an acquisition for participation by small business concerns, small disadvantaged business concerns, or business concerns located in an area designated as a labor surplus area by the Department of Labor. Small business set-asides may be for all or part of an acquisition. For special applications to the Department of Defense, see FAR Parts 19 and 20, and DFARS Part 219.

Synonym: None

Antonym: full and open competition

#### Small Business Concern

The Desktop Guide defines a Small Business Concern as "a business that is independently owned and operated, and is not dominant in its field; a business concern meeting government size standards for its particular type industry" (11:44).

The Compendium of Authenticated Systems and Logistics Terms contains two definitions, one taken from an Army Regulation (AR), and the other taken from a Defense Acquisition Circular (DAC). The definitions, originally from the AR and the DAC, respectively, are as follows:

One which is certified as such by the Small Business Administration, or one, which, together with its affiliates, has fewer than 500 employees, is independently owned and operated, and is not dominant in its field. (3:633)

A concern that is independently owned and operated, is not dominant in the field of operation in which it is bidding on government contracts, and with its affiliates, can further qualify

under the criteria established by the Small Business Administration. (3:633)

The FAR definition follows:

A concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121 (See 19.102). (16:19-1)

The Keyes Encyclopedic Dictionary defines a Small Business Concern

as

a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121. (22:8-39)

The first, third, fourth, and fifth definitions are very similar.

The second definition's reference to the standard of 500 employees is misleading. The Small Business Administration has many size standards that are based on employee size or annual sales (FAR 19.102(g)). A standard of 500 employees is only one of many. The following is the synthesized definition:

A concern that, when taken together with its affiliates: is independently owned and operated; is not dominant in the field of operations in which it is bidding on government contracts; and can qualify as a small business concern under the criteria and size standards established by the Small Business Administration.

Synonym: None

Antonym: large business

### Small Disadvantaged Business Concern

The definition for this term, as contained in the Desktop Guide,  
is

a business whose size requirements meet government size requirements for its particular industry type or a business owned (at least 51%) by members of socially and economically disadvantaged groups (i.e. groups who have been subjected to racial or ethnic prejudice or cultural bias). (11:44)

The FAR definition for the term is as follows:

A small business concern that is at least 51% unconditionally owned by one or more individuals who are both socially and economically disadvantaged or a publicly owned business that has at least 51% of its stock owned by one or more socially and economically disadvantaged individuals and that has its management and daily business controlled by one or more such individuals. (16:19-1 to 19-2)

Keyes offers the following definition:

A small business concern-

(1) Which is at least 51 percent owned by one or more socially and economically disadvantaged individuals, or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

(2) Whose management and daily business operations are controlled by one or more of such individuals. (22:S-39)

The ownership and day-to-day operations of small and disadvantaged business concerns has been a problem since the inception of the Small Disadvantaged Business Program. Charges of "shell corporations" are leveled from time to time. The accusations center around the fact that early in the program individuals who were not economically or socially disadvantaged would set up a company with an individual or individuals who were disadvantaged placed in apparent control. The people who were not disadvantaged actually ran the company and gained financial rewards

that did not rightfully belong to them. For this reason, the concept of day-to-day control must be incorporated into the synthesized definition that follows:

A concern that can qualify as a small business under the criteria and size standards established by the Small Business Administration, and that is at least 51% owned, unconditionally, by one or more individuals who are both socially and economically disadvantaged and who have day-to-day control of the business.

Synonym: None

Antonym: None

#### Source Selection Authority (SSA)

Formal Source Selection Procedures for Major Acquisitions (AFR 70-15) defines the term, "Source Selection Authority" as "the official designated to direct the source selection process and make the source selection decision" (4:4). The term is defined in the NES Dictionary as "the person designated as the final decision authority in a formal procurement" (12:134). The definition found in the Glossary of Defense Acquisition Acronyms and Terms reads, "the official designated to direct the source selection process, approved (sic) the selection plan, select the source(s), and announce contract award" (19:125). Keyes defines the SSA as "the government official in charge of selecting the source" (22:8-48).

These definitions all fail to make reference to another principal duty of the Source Selection Authority which is emphasized in writings on the term. Specifically, the responsibility to review the evaluation results of the Source Selection Evaluation Board (SSEB) and the

comparative analysis of the Source Selection Advisory Council (SSAC) is not mentioned in any of the formal definitions found in the literature review. AFR 70-15 mentions this under the duties of the SSA (4:6).

However, this aspect of the Source Selection Authority's responsibilities is considered important enough to warrant inclusion in the synthesized definition. The synthesized definition is:

The official whose primary duties are to approve the Source Selection Plan, direct the source selection, review the evaluation results of the SSEB and the comparative analysis of the SSAC, and make the source selection decision.

Synonym: None

Antonym: None

#### Source Selection Advisory Council (SSAC)

AFR 70-30/AFFARS BB defines Source Selection Advisory Council (SSAC) as:

Part of the alternative source selection organization, this group of senior government personnel is appointed by the Source Selection Authority (SSA) to advise the SSA on the conduct of the source selection process and to prepare for the comparative analysis of the evaluation results of the Source Selection Evaluation Board (SSEB). (6:17)

The AFR 70-15/Appendix AA definition is essentially the same as the one contained in AFR 70-30 with the exception of the fact that the former also includes the concept of the "alternate source selection organization".

The synthesized definition is from the two regulations, with the addition of the concept of primary and alternative use. The proposed definition is:

A group of senior government personnel appointed by the Source Selection Authority (SSA) to advise the SSA on the conduct of the source selection process and to prepare for the SSA a comparative analysis of the evaluation results of the Source Selection Evaluation Board. The SSAC is a primary organization in Air Force formal source selections and an alternative organization in Air Force streamlined source selections.

Synonym: None

Antonym: None

#### Source Selection Evaluation Board (SSEB)

The Compendium of Authenticated Systems and Logistics Terms offers the following definition of a source selection evaluation board:

A group of military and civilian personnel representing various functional and technical areas involved in a procurement, appointed by the Source Selection Advisory Council to direct, control, and perform the evaluation of proposals responsive to requirements, and to produce summary facts and finding required in the source selection process (3:636).

The Desktop Guide defines the SSEB as "a group of personnel representing the various functional and technical disciplines relevant to the acquisition whose function is to evaluate proposals and report its findings" (11:44).

Formal Source Selections for Major Acquisitions (AFR 70-15) offers the following definition for the term: "a group of government personnel representing the various functional and technical disciplines relevant to the acquisition to evaluate the proposal and report its findings to the SSAC" (4:4).

As in the discussion of the term, "Source Selection Authority", above, the concept of principal duties is not adequately addressed in

the published definitions, although principal duties are discussed in expansions of the definitions of "Source Selection Evaluation Board". For clarity, some mention of the principal duties of the SSEB, as well as expansion of the evaluation process, should be included in the definition. The synthesized definition, which incorporates these additional points, is:

A group of government personnel representing various functional and technical disciplines relevant to the acquisition, whose principal duties are to evaluate the offerors' proposals against approved evaluation standards and report the findings of this evaluation to the Source Selection Advisory Council.

Synonym: None

Antonym: None

#### Specific Criteria

AFR 70-30/AFFARS Appendix BB provides the following definition for specific criteria:

A type of evaluation criteria that relates to project characteristics which are further subdivided into areas, items, factors, and subfactors as necessary. The lowest level of indenture depends upon the complexity of the area being evaluated. Note that the FAR 15.406-5 term factor includes the terms "area" and "item" in this regulation. The FAR term "subfactor" equates to the term "factor" in this regulation. (6:17)

AFR 70-15/AFFARS Appendix AA describes specific criteria in the following manner:

Specific Criteria relate to program characteristics. The specific criteria are divided into appropriate technical and (or) management evaluation areas. Areas of specific criteria are evaluated in a matrix fashion against the assessment criteria. Examples of specific criteria might include technical, logistics,

manufacturing, operational utility, design approach, readiness and support, test and management. (4:14)

The synthesized definition needs to capture the ability to subdivide the specific criteria, the fact that they relate to program characteristics, and that these characteristics will be presented in the offeror's proposal. The proposed synthesized definition is

A type of evaluation criteria that represent important program characteristics. The assessment criteria, in conjunction with the evaluation standards, are applied against the specific criteria, in terms of the offeror's proposal, for evaluation purposes. Specific criteria may be subdivided for evaluation purposes. Examples of specific criteria might include technical, logistics, manufacturing, operational utility, design approach, reliability and maintainability, data management, program management, and test and evaluation.

Synonym: None

Antonym: None

#### Target Fee

A review of the published definitions of this term yielded less than satisfactory results. Two sources (the NES Dictionary and the Cost Estimator's Reference Manual) defined "target profit or fee" as "the anticipated fee or profit that the contractor will receive for meeting target cost" (12:145; 32:609). Keyes Encyclopedic Dictionary defines target fee as "the fee initially negotiated on the assumption that this contract would be performed for a cost equal to the estimated cost initially negotiated, adjusted in accordance with any equitable adjustments" (22:T-2). Although these definitions seem consistent with each other, they are all incomplete to the extent that they fail to



identify the context in which the term should be understood.

Specifically, target fee is a component of the cost-plus-incentive-fee (CPIF) contract type, and should be defined in that context.

Unfortunately, although the term is mentioned in both the FAR (FAR 16.404-1) (16:16-10) and the ASFM (8:1-23ff), neither publication defines target fee. Perhaps the lack of "official" definitions contributes to the lack of clarity and the incompleteness of the published definitions. In any event, based on FAR discussion of the CPIF contract type as well as the published definitions (and recognizing their shortcomings), the synthesized definition will include a mention of the applicability of the term, and briefly address its relationship to final fee. Target fee will be defined as

The fee amount initially negotiated under a cost-plus-incentive-fee (CPIF) type contract; the amount of fee the contractor will receive under the contract if total allowable costs incurred equal the initially negotiated target cost. After contract performance, target fee is adjusted, within specified limits, based on the application of the initially negotiated fee-adjustment formula (or share ratio) to the difference between target cost and total allowable incurred costs.

Synonym: None

Antonym: fixed fee, final fee amount

#### Teaming Agreement

FAR Subpart 9.6 defines a contractor team arrangement as an arrangement in which

- (a) two or more companies form a partnership or joint venture to act as a potential prime contractor; or

- (b) a potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program. (FAR 9.601) (16:9-22)

The definition of "team arrangement" given in the *Desktop Guide* concurs in all respects with the FAR definition (11:46). The *Glossary of Defense Acquisition Acronyms and Terms*, under the term "teaming", offers the two meanings given in the FAR, along with a third meaning, "an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licenser, or leader company relationship" (19:135). Teaming agreements, while not specifically defined in some current literature on contractor team arrangements, can be seen by the context in which they are discussed to refer to the actual document recording the parties' intent to enter into the joint venture (21:16). Thus, current usage indicates that the term may represent the joint venture entered into by two or more parties as well as the written documentation of the terms of the joint venture. The synthesized definition shown below incorporates both usages. A teaming agreement is defined as

- (1) an arrangement in which
  - (a) two or more companies form a partnership or joint venture to act as a potential prime contractor; or
  - (b) a potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program; or
  - (c) an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licenser, or leader company relationship.

(2) the written documentation of such an arrangement.

Synonym: teaming arrangement

Antonym: None

### Technical Evaluation

The Glossary of Defense Acquisition Acronyms and Terms defines technical evaluation as "the study, investigations or T&E [Test and Evaluation] by a developing agency to determine the technical suitability of material, equipment, or a system, for use in the military services" (19:136). The Compendium of Authenticated Terms contains a similar definition for the term (3:693). Keyes Encyclopedic Dictionary contains the following definition for the term "technical analysis":

The examination and evaluation by personnel having specialized knowledge, skills, experience, or capability in engineering, science or management of proposed quantities and kinds of materials, labor, processes, special tooling, facilities, and associated factors set forth in a proposal in order to determine and report on the need for and reasonableness of the proposed resources assuming reasonable economy and efficiency. (22:T-3)

The FAR states at 15.805-4 that

When cost or pricing data are required, the contracting officer should generally request a technical analysis of proposals, asking that requirements, logistics, or other appropriate qualified personnel review and assess, as a minimum-

- (a) the quantities and kinds of material proposed;
- (b) the need for the number and kinds of labor hours and the labor mix;
- (c) the special tooling and facilities proposed;
- (d) the reasonableness of proposed scrap and spoilage factors; and
- (e) any other data that may be pertinent to the cost or price analysis. (16:15-30)

The Desktop Guide states that technical analysis is: "Information from engineering and technical personnel that permits an evaluation of function that cause costs to occur" (11:46).

The first and last definitions are too broad in nature and do not contain the concepts of proposal evaluation and the support of cost/price analysis that are critical to the synthesized definition. The proposed definition relies on the Keyes definition and the FAR quotation. The synthesized definition of "technical evaluation" is:

A review and evaluation of an offeror's proposal performed by qualified personnel in support of cost or price analysis. The review and evaluation includes, but is not limited to, an assessment of the quantities and kinds of material proposed, the quantity and mix of proposed labor hours, and the proposed special tooling, special test equipment, facilities, and Government Furnished Property (GFP).

Synonym: technical analysis

Antonym: None

#### Termination Contracting Officer (TCO)

The FAR describes a contracting officer as "a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings" (FAR 2.101) (16:2-1). It then goes on to identify a termination contracting officer as "a contracting officer who is settling terminated contracts" (FAR 2.101) (16:2-1). The ASPM defines a TCO as a person who

is appointed to close out the terminated contract or portion [thereof]. The individual appointed may be a PCO or ACO, or a person who specializes in terminations; in any event, the appointee is a warranted contracting officer. (8:10-21)

Keyes Encyclopedic Dictionary echoes the definition of TCO found at FAR 2.101 (22:T-12). The Compendium of Authenticated Terms uses slightly different wording to convey the same idea (3:699). The NCMA Desktop Guide defines a TCO as "the contracting officer assigned responsibility for settling terminations for default or convenience, and in some cases settling claims and actions involving extraordinary relief" (11:47).

There seems to be little disagreement in the existing literature as to what constitutes a termination contracting officer; the main differences among the definitions can be attributed to the various levels of detail included in the definitions. As the term "contracting officer" has already been defined for purposes of this ongoing NCMA-sponsored project (18:40), that term can be incorporated into our synthesized definition without additional explanation. Based on the existing literature, the composite definition must emphasize the responsibility for terminated efforts. The ASPM definition brings out a salient point that merits inclusion in the composite: the TCO may be an ACO or PCO, as well. The synthesized definition of termination contracting officer is

A contracting officer assigned responsibility for settling a contract termination. The assigned individual may be a PCO or ACO, or a contracting officer who specializes in terminations.

Synonym: None

Antonym: None

### Unallowable Cost

In FAR Part 31, unallowable cost is defined as "any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable" (FAR 31.001) (16:31-3). A review of the literature shows that the FAR definition is virtually universally accepted (11:48; 22:U-1). Therefore, the synthesized definition shown below is taken directly from the FAR. An unallowable cost will be defined for purposes of the survey as

Any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable. (FAR 31.001)

Synonym: None

Antonym: allowable cost

### III. Methodology

#### Introduction

As explained in Chapter I, the purpose of this research effort is to develop consensus definitions of fifty-one contracting terms selected from a master list of critical contracting terms compiled by Hauf (20:55-65). It is anticipated that, once all the terms on Hauf's master list have been adequately defined, a dictionary of contracting terms will be published in association with the NCMA (20:vi). As of this writing, approximately ninety [check NPS] terms remain to be addressed by future researchers.

The procedure by which the consensus definitions are developed was addressed briefly in Chapters I and II. This chapter will provide a more comprehensive explanation of the research methodology used in the accomplishment of this thesis effort. However, it must be stated at the outset that, as this effort is a continuation of previous research conducted by a number of students at both AFIT and NPS, very little in terms of methodology is newly developed in association with the instant effort. Rather, the researchers have selected the most useful and appropriate methodologies used by previous students, making only minor adaptations to enhance their effectiveness. In particular, the methodologies used by Moyle and Shelley (25:3-1 to 3-9; 30:29-34) have been relied upon. Chief among Moyle's innovations are the addition of a Likert scale to the survey format, and application of Dillman's "Total Design Method" for increasing the response rate to the mail

survey (25:3-4). The fact that the methodology used herein is replicative has proven to be a benefit to the quality of this research. As the methodology has, for the most part, already been suggested to be appropriate and effective, the researchers have been free to concentrate on content, without the added challenge of designing "from scratch" a suitable or effective process by which to accomplish the research effort.

### Methodology

Chapter I identified three investigative questions, enumerated below. The development of answers to these questions guided this thesis effort. The manner in which the answers are developed constitutes the methodology of this research.

#### Investigative Questions

For each of fifty-one contracting terms addressed by this effort, the following questions must be answered:

1. What are the current definitions of this term in the existing literature?
2. Are the definitions found in various sources consistent? Are they complementary? Are there conflicts among published definitions? Is more than one meaning supported by existing literature?
3. Are the published definitions consistent with operational definitions currently in use?

The approach to be implemented in answering the investigative questions posed above can be summarized under the steps listed below. It is emphasized that this approach is qualitative in nature. Although some quantitative techniques are used, in development of the appropriate



sample size, for example, language, which is the essence of this research, cannot be reduced to mathematics. As will be emphasized in the discussion of decision rules for data analysis which will follow, the researchers' judgement, based on a combined experience of thirty years in various contracting functions, supersedes any number-based criterion for decisions.

The first step in the execution of the proposed research effort (which, when completed, answers investigative questions 1 and 2) is the development of the synthesized definition(s) for each term. This step is accomplished through a review and exegesis of the existing contracting literature. Where multiple sources offer the same or very similar definitions for a particular term, the level of agreement among published definitions will be considered high. In that event, the analysis associated with development of the synthesized definition(s) will be limited to ensuring that the selected published definition or researcher-produced composite is clear, complete, and concise. When a higher level of variation among published sources is noted, development of synthesized definitions will require a more critical analysis. In that case, the synthesized definition will be based on more extensive research into the term's background, as well as the researchers' judgement based on experience in the contracting field. An additional objective of the literature review is to identify other terms which can be used interchangeably with the subject term (synonyms), and terms which have the opposite meaning (antonyms).

Once the synthesized definitions have been developed, the next step in the research effort is to assess the level of agreement, or consensus, within the professional community regarding the synthesized definition(s) of each term, and to adjust the proposed definitions as necessary to increase the level of agreement to an acceptable percentage. ("Acceptable" is more precisely defined below.) This is accomplished (and investigative question 3 is answered) through a combination of (a) a mail survey administered to recognized contracting professionals, and (b) application of a modified Delphi approach to the results of the initial mailing.

Survey Method. A mail survey was selected as the appropriate vehicle for submission of the synthesized definitions to contracting professionals for their review and evaluation. This format has several significant advantages over the other available alternatives (personal interviews or a telephone survey). While personal interviews offer the advantages of a high response rate and the ability to obtain detailed information, there are several drawbacks. The cost in administrative time is such that only a relatively small number of persons could be sampled. Additionally, restrictions on funds, as well as time, would require that the sample be taken from only a few localities, at most. A third consideration is that in order for useful, quality responses to be obtained, it is necessary that the respondents read the proposed definitions carefully and thoughtfully. It is suggested that a one-on-one interview does not offer the environment most conducive to that

process, since the respondent might be distracted by the interviewer or feel pressured to rush through his analysis rather than take up more of the interviewer's time. Finally, it seems apparent that the best (i.e. most complete and well-reasoned) results to the survey will be achieved when the respondent is able to complete the survey at a time most convenient for him or her. Unfortunately, a personal interview, although carefully scheduled, is often not really convenient for the interviewee.

The telephone interview offers the advantages of a high response rate and a very quick turnaround time. However, the primary drawbacks to this vehicle parallel those for the personal interview. Specifically, the cost in administrative time is prohibitive; restrictions on time would dictate that the number of contacts be fairly small. Perhaps most importantly, however, is the difficulty associated with conveying the synthesized definitions, some of which are quite lengthy, to the respondents telephonically. To be analyzed competently, the definitions must be read, as opposed to heard. Additionally, a well thought out response is generally not compatible with a telephone survey, where the object is often to obtain a response "off the top of" the interviewee's head. Thus, as with personal interviews, the telephone survey does not offer the environment most conducive to the thought processes that will yield, for our purposes, a quality response.

A mail survey has not been selected for this research "by default". On the contrary, that method offers distinct advantages, given our emphasis on the need for respondents to see and read the synthesized definitions, and have adequate time to reflect on them, at a time convenient to the respondents, as well as the very definite limits on the researchers' time. The mail survey can meet all those criteria. Previously, the main drawbacks associated with mail surveys were a low response rate and a relatively slow turnaround time. In fact, past thesis students working on this dictionary project who used mail surveys reported response rates as low as 14% (25:3-4). However, the Dillman technique (taken from his book, *Mail and Telephone Surveys: The Total Design Method*) incorporated by Moyle and Shelley resulted in very high response rates to their surveys (25:5-2; 30:35-36). (The Dillman technique is discussed below in more detail.) The relatively longer time it takes to receive responses to mail surveys was considered in developing the timeline for this thesis effort. Based on the foregoing, the mail survey was determined to be most appropriate, considering the circumstances of the research effort.

The Dillman Technique. Simply stated, the Dillman technique is a process used to increase the rate of response to mail surveys by: (a) convincing potential respondents that the purpose of the study is worthwhile, and that their response is important; and (b) issuing repeated reminders to nonrespondents appealing for their participation

in the study. As Moyle points out, the Total Design Method (TDM) developed by Dillman is flexible (25:3-5). Per Dillman, if the TDM is followed "in complete detail", the response rate will be around 77%, and use of a tailored version will yield a response rate of about 71% (14:21). Since the 71% rate is more than adequate for purposes of this study, an abbreviated form of the Dillman technique will be applied.

In order to accomplish the first step of his technique, Dillman suggests use of a survey cover letter which will convey the purpose of the questionnaire, the usefulness of the study with which it is associated, the importance of the recipient's responses to the success of the study, and the confidential nature of the information to be provided (14:165-170). The cover letters attached to each of the two surveys sent out as part of this research were written with Dillman's advice in mind. These can be found in Appendix A.

Dillman suggests that the repeated reminders to nonrespondents be accomplished in the following manner:

Exactly 1 week [after the initial mailing] a postcard follow-up is sent to all recipients of the first mailing. Preprinted, but with an individually typed name and address on one side and an individually applied signature on the other, the note on this postcard is written as a thank you for those who have already returned their questionnaires, and a reminder to those who have not. A second follow-up is mailed to nonrespondents exactly three weeks after the original mailout. It consists of a cover letter that basically informs them that their questionnaire has not yet been received and includes a restatement of the basic appeals from the original cover letter, a replacement questionnaire, and another return envelope. The third and final follow-up is mailed 7 weeks after the original mailing. It consists of a cover letter and still another questionnaire and return envelope, and it is sent by certified mail to the remaining nonrespondents. (14:163)

For purposes of this study, the first follow-up was sent within two weeks of the initial mailing. The second follow-up was sent after four weeks. Based on the level of responses received after two mailings, no third follow-up was sent. The same procedures were applied to the survey sent out on those terms which did not generate consensus based on the results of the initial surveys. It should be noted that the researchers kept track of which potential respondents had replied by assigning each survey recipient a number, and annotating that number on the first page of that person's survey form. Copies of the survey follow-up letters can be found at Appendices B and C.

Survey Population. Having decided upon a mail survey, the population and sample to whom the survey should be directed must be identified. The target population used by a number of past thesis students working on the dictionary project (including Moyle) was the NCMA Fellows. This group was selected because:

- 1) they are a representative body from government, industry, academia, and professional education; 2) they are diversely but highly educated; 3) they are considered experts in their field of interest; and 4) they are familiar with this ongoing research.
- (25:3-6)

As might be expected of such a distinguished group, the number of NCMA Fellows is fairly small (there were 600 in 1988) (17:23). Eventually, most or all of the Fellows had been surveyed in association with one of the dictionary theses. Rather than overburden the Fellows with renewed requests to complete dictionary-related surveys, thesis students working on this project began to use Certified Professional Contracts

Managers (CPCM's) as the target population. Shelley was among the first to use this group (30:30). CPCM's are considered to be an appropriate population to survey based on their recognized contracting expertise, validated by their having met certain educational requirements and passed a rigorous professional examination administered by the NCMA.

Sample Size and Selection. A mailing list of CPCM's containing 4113 names was provided by the NCMA (26). The desired sample size was calculated using the following formula, implemented by Shelley, and taken from the Guide for the Development of the Attitude and Opinion Survey (30:31; 5:11-14):

$$n = \frac{N(z^2) \times p(1-p)}{(N-1)(d^2) + [(z^2) \times p(1-p)]}$$

where n = sample size

N = population size of 4113, less 148 names previously used by Shelley (4113 - 148 = 3965)

p = maximum sample size factor (.5)

d = desired interval range ( $\pm .10$ ) and

z = 90% confidence level for estimating interval within which to expect the population proportion (1.645)

The maximum sample size factor is as specified by Emory, in *Business Research Methods* (15:258). The z value is taken from the table of normal curve areas in *Statistics for Business and Economics* based on a subjective decision to use a 90% confidence level (24:1173). The d

value is a subjective decision. Solving for n yields a sample size of 67. Assuming a 50% response rate to the surveys will be achieved, 134 surveys must be sent in order to receive 67 responses. Based on a cursory review of the mailing list, which showed that, of those CPCM's known to the researchers, a surprising number were listed under incorrect addresses, the number of surveys to be sent was increased to 145.

Because of the large number of terms being addressed in this thesis, it was decided that asking individual respondents to evaluate all the definitions would be overly presumptuous. Therefore, two surveys, one addressing 25 terms and the other 26, were submitted to (different) random samples of 145 Certified Professional Contracting Managers (CPCM's). The recipients of the surveys were selected by generating 290 random numbers between 1 and 3965 (using Quattro Pro's random number generator), and taking the mailing labels from the (alphabetized) list based on their numerical position on the list in accordance with the random numbers.

Survey Development. The survey instruments (shown in Attachment D) present the synthesized definition(s) developed for each term, and ask the respondents to rate their agreement with the definition(s) on a Likert scale as shown below.

STRONGLY DISAGREE	DISAGREE	UNDECIDED	AGREE	STRONGLY AGREE



(Note that numerical values sometimes associated with the Likert scale are not included. This is in keeping with the qualitative nature of this research, as discussed above.) Additional comments are solicited, both in the instructions for completing the questionnaire, and by providing space for comments under each proposed definition's Likert scale. A minimal amount of demographic information (area of expertise, years of experience, etc.) is requested under the heading, "Background Information".

In keeping with the Dillman technique, the questionnaire was arranged so that it was not necessary to turn the page in the middle of any question. Dillman points out that having to flip pages "makes the questionnaire less attractive to respondents", and can make answering the questions more difficult (14:144-146).

Analysis of Results. Before sending out the initial surveys, the researchers developed the following decision rules for use in analysis of the survey results. However, it should be reiterated that, because of the qualitative nature of this research, the researchers' judgement takes precedence over any number-based decision criterion (see decision rule 2, below).

Decision Rules:

(1) If two thirds of the survey respondents agree with the proposed definition of a term, it will be accepted as the consensus definition. If fewer than two thirds agree, a modified Delphi approach

(see below) will be pursued. ("Agree" means that a respondent has selected either "agree" or "strongly agree" on the Likert scale shown above.)

(2) If two thirds of the respondents agree with the proposed definition, but the minority makes a point that, in the researchers' opinion, is valid, the term will be subjected to a modified Delphi approach.

It is noted that the "two thirds" criterion marks a departure from the methodologies used by most of the previous researchers on the thesis project. In many instances, those students used 50% agreement as the criterion for deciding whether a synthesized definition could be accepted as proposed. For example, Moyle's decision rule was as follows:

If 50% or more of the respondents agreed with the definition then the comments provided by those who disagreed with the description were incorporated only when: 1) similar comments were made by those who agreed, or 2) the recommended change was supported by the literature. (25:3-8)

In theory, if a 50% rule is used, a synthesized definition can be accepted as a consensus definition when exactly 50% of respondents agree, meaning that exactly 50% disagree, so that there is not consensus about the term, but rather, complete lack of agreement. Therefore, these researchers have elected to use the more conservative "two thirds" criterion.

Modified Delphi Approach. Since language consists of complex concepts, replete with subtleties and nuances, use of a Delphi

approach, wherein experts reach agreement through an iterative, interactive process of discussion and evaluation, would fit very well with the goals of the dictionary project. However, time, funding, and unavailability of the appropriate experts for an extended time preclude the use of this technique in its full form. Nevertheless, the researchers have elected to incorporate a modified Delphi approach, compatible with the limitations of this study, into the process of analysis of responses. For those terms subject to continued analysis per the decision rules above, a second survey incorporating revised proposed definitions will be mailed to those who responded to the first survey (a smaller, but responsive, sample). The revisions to the initial synthesized definitions will be based on the suggestions and comments offered by all respondents (those who agreed with the first definition as well as those who did not) to the initial survey. Although time and funding will not permit enough iterations to achieve absolute agreement by all, this second survey is anticipated to result in an improved level of consensus. As before, if two thirds of respondents to this second survey agree with the proposed definition as revised, it will be accepted as a consensus definition. If less than two thirds agree with the revised version, the term will be recommended as the subject of further research in a later thesis.

### Summary

This chapter has detailed the methodology which guides this research effort. The "hows" and the "whys" of this portion of the dictionary project have been laid out. The results of the mail survey and related analysis are described in Chapter IV, which follows.

#### IV. Data Analysis

##### Introduction

This chapter presents the results of the surveys mailed to randomly selected Certified Professional Contract Managers (CPCM's) as described in Chapter III. (The surveys are shown in Appendix D.) As explained in Chapter III, the large number of words to be defined by this thesis dictated that two surveys be utilized to avoid overburdening the respondents. The words contained in each of the two surveys, designated surveys A and B, are set forth below:

##### Survey A

Affirmative Action  
Anti-trust Law  
Assessment Criteria  
Award Fee  
Bid Protest  
Buy American Act  
Commercial off-the-Shelf  
Competitive Negotiations  
Cost Criterion  
Cost Growth  
Cost Performance Reports  
Data Item Description (DID)  
Debriefing  
Evaluation Criteria  
Labor Surplus Area  
Labor Surplus Area Concern  
Other than Full and Open  
Competition  
Pre-Award  
Set-Aside  
Small Business Concern  
Small/Small Disadvantaged  
Business Concern  
Source Selection Authority  
(SSA)

##### Survey B

Certification of Cost or  
Pricing Data  
Competition in Contracting Act (CICA)  
Contract, Cost Reimbursement (CR)  
Contract, Fixed Price (FFP)  
Contract, Indefinite Quantity (IQ)  
Cost Accounting Standards (CAS)  
Cost Estimating Relationship (CER)  
Economic Price Adjustment (EPA)  
Clause  
Engineering Estimate  
Estimate at Completion (EAC)  
Estimate to Complete (ETC)  
Expense Pool  
Forward Pricing Rate Agreement (FPRA)  
"Grass Roots" Estimate  
Incurred Cost  
Independent Research and Development  
(IR&D)  
Profit Analysis  
Prompt Payment Discount  
Prospective Pricing  
Purchasing System  
Rates and Factors  
Target Fee

#### Survey A (Continued)

Source Selection Advisory  
Council (SSAC)  
Source Selection Evaluation  
Board (SSEB)  
Specific Criteria  
Technical Evaluation

#### Survey B (Continued)

Teaming Agreement  
Termination Contracting Officer (TCO)  
Unallowable Cost

Surveys A and B were sent to separate groups of 145 CPCM's. As described in Chapter III, calculation showed that, based on a 90% confidence level and an interval range of plus or minus 10%, 67 replies were necessary to ensure the validity of conclusions associated with the survey results. Survey A achieved a response level of from 74 to 78 (some words were not marked by some respondents), while survey B achieved a response level of from 78 to 82. Thus, the number of responses for all words in both surveys exceeded the minimum number of 67, and conclusions based on the responses can be considered statistically valid within the aforementioned limits. Since the minimum required response level for each survey was reached after the initial mailing and two follow-ups, the final step of the Dillman technique, sending a follow-up by certified mail (14:163), was not used.

#### Demographic Information

Each survey requested that the respondents provide demographic data concerning their current place of employment, current job position, primary area of expertise, and years of experience in the

area of primary expertise. The results, in tabular format, are shown below.

<u>Present Place of Employment</u>	<u>Survey A</u>	<u>Survey B</u>
Government contracting activity	30	34
Commercial contracting activity	27	29
Academic institution	4	1
Other	15	18

Primary Activity of Current Job Position

Contracting/acquisition	57	54
Manufacturing/production	1	1
Accounting/audit	3	4
Pricing	2	5
Engineering	0	1
Research	1	0
Legal	0	6
Other	12	16

Primary Area of Expertise

Contracting/acquisition	66	68
Manufacturing/production	1	1
Accounting/audit	1	5
Pricing	3	4
Engineering	0	2
Research	0	0
Legal	3	4
Other	2	3

Years of Experience in Primary Area of Expertise

5 years or less	2	4
6-10 years	8	11
11-15 years	14	16
16-20 years	10	11
20+ years	42	37

It is noted that two respondents to survey A and three respondents to survey B did not provide the requested demographic information.

Additionally, for each of the first three categories of data, some respondents indicated that more than one category was applicable.

The demographic data yield some interesting information. There was an almost even split between government and commercial respondents. A majority of the respondents are currently working in the field of contracting and acquisition. The experience level of the respondents is quite high, with over half having more than 15 years of experience. The demographic data, taken as a whole, indicate that the survey respondents generally have the appropriate background and experience level to ensure a high level of quality in the survey responses. Indeed, the respondents' comments were generally very helpful, and constitute an important contribution to this thesis effort.

#### Analysis Format

Chapter III of this thesis stated that consensus for a term would be achieved when two thirds (67%) of the respondents selected "strongly agree" or "agree" on a Likert scale presented in conjunction with that term's proposed definition. Chapter III further stated that if consensus was not forthcoming on the initial round of surveys, a modified Delphi technique would be used to attempt to achieve consensus. Consensus was reached for all terms in both surveys, with the exception of "'grass roots' estimate", on the initial round of surveys. After reviewing the responses to the "'grass roots' estimate" entry in the survey, it was determined that the modified Delphi



technique would not be appropriate for this term. Details concerning this determination are set forth later in this chapter.

The balance of this chapter contains the detailed results of the surveys. For each term, the synthesized definition included in the survey is presented, followed by the quantitative results based on the respondents' markings on the Likert scale. The quantitative results will show how many respondents marked each category on the scale, the number who made no selection for that term, and, if there were any, the number who annotated their survey to indicate that they were unfamiliar with the term. The total number of responses will be shown, followed by the percentage of agreement. This percentage is calculated by dividing the sum of "strongly agree" and "agree" responses by the total number of responses (less the number of "non-responses", indicated by "No Mark" for that term). Discussion of a selection of salient comments from the respondents follows the quantitative results. Since the survey guaranteed anonymity to the respondents, quotations taken from the surveys will not cite a source. An analysis of the quantitative results as well as pertinent comments will set forth the writers' rationale as to whether and how the synthesized definition should be modified to arrive at the final proposed definition. Lastly, the final proposed definition, modified to incorporate any changes indicated as a result of the writers' analysis, is presented. The final proposed definitions for all 51 terms are also set forth separately in Appendix E.

## Interpretation of Survey Results

### Affirmative Action

A contractor's program, required by federal statutes and regulations, that ensures equal opportunity in employment to minorities and women.

Synonym: equal opportunity program

Antonym: discriminatory hiring practices

The survey responses yielded the following results:

Strongly Agree	10	Strongly Disagree	6
Agree	52	No Mark	0
Undecided	4	Total	78
Disagree	6	Percent of Agreement	79.48%

Respondent comments follow:

- Not just contractors.....
- What is defined here is "Affirmative Action Program", affirmative action is the execution of the program.
- Action is not synonymous with program. Applies to race, color, religion, sex, age, national origin ... Also it involves the concept of equal treatment, not just equal opportunity. The antonym, discriminatory hiring practices, is too limiting, also involves disparate treatment.
- The term "affirmative action", by itself, would more accurately be a positive force or something similar. It has to be modified to be a program.

These three comments encompass the salient responses from the survey.

The final proposed definition accommodates the intent of these responses. The final proposed definition is:

### Affirmative Action

Positive steps taken to ensure equal employment opportunity and equal treatment of employees regardless of race, color, sex, age, national origin, handicap, or status as a disabled or Vietnam Era Veteran.

Synonym: None

Antonym: discriminatory practices

#### Anti-trust Law

Federal and state statutes enacted to protect trade and commerce from the anticompetitive practices of unlawful restraints, price discrimination, price fixing, and monopolies by trusts, cartels, or business monopolies. For examples of practices that constitute violations of anti-trust laws, see FAR 3.301.

Synonym: None

Antonym: None

The survey responses yielded the following results:

Strongly Agree	21	Strongly Disagree	0
Agree	49	No Mark	1
Undecided	3	Total	78
Disagree	4	Percent Agreement	90.91%

Respondent comments included:

- Synonym: Standards of Business Conduct, Ethics, and Practices can be used ... Antonym: Discriminatory Business Practices.

The authors disagree with the proposed synonym and antonym. Either a synonym or an antonym would have to relate to a law concerning trade.

Neither of these terms do.

- FAR only covers Federal Statutes. Federal Government cannot enforce state statutes. Purpose is not to protect trade and commerce...
- Monopoly itself is not a violation of anti-trust. Other practices could include collusive bidding...
- Anti-trust violations could be carried out by individuals, partnerships. I wouldn't specify who.

These comments are considered valid. The final proposed definition, which incorporates the essence of these comments, is:

### Anti-trust Law

Federal and state statutes designed to prevent practices that eliminate competition or restrain trade. Examples of such practices are collusive bidding, follow-the-leader pricing, and rotated pricing. A more detailed list of practices that constitute violations of federal anti-trust laws is contained in FAR 3.301.

Synonym: None

Antonym: None

### Assessment Criteria

#### (1) (For other than science and technology)

A type of evaluation criteria that relates to the offeror's proposal and abilities. Assessment criteria, in conjunction with the evaluation standards, are applied against the offeror's proposal in terms of the specific criteria for evaluation purposes. Typical assessment criteria are soundness of approach, understanding the requirements, and compliance with the requirements.

Synonym: None

Antonym: None

#### (2) (For science and technology)

A type of evaluation criteria that relates to the offeror's proposal and abilities, and, in the absence of evaluation standards, are used to determine proposal acceptability and technical merit. Typical assessment criteria are understanding the problem, soundness of approach, compliance with requirements, novel approach, availability of necessary equipment and facilities, management capability, and experience and qualifications.

Synonym: None

Antonym: None

The survey responses yielded the following results:

Strongly Agree	8	Strongly Disagree	0
Agree	53	No Mark	1
Undecided	10	Total	78
Disagree	6	Percent of Agreement	79.22%

Respondent comments follow:

- Use the singular form (criterion) in the first line.

The singular form will be used in the final revised definition.

- How about relevant experience, qualifications of technical team (for (2) particularly).

Experience and qualifications are used in the definition for science and technology. It would be overly restrictive to limit this to just the technical team.

- Disagree with portion that states "... in the absence of evaluation standards..."

This comment is considered valid. While that portion of the synthesized definition is applicable within Air Force Systems Command, it may not be true everywhere else.

- Experience and qualifications should never be assessment - not for S&T.

The authors strongly disagree with this comment. Experience and qualifications are essential in evaluating a proposal for a science and technology effort.

Another respondent wanted the inclusion of past performance and impact on schedule included as assessment criteria for other than science and technology efforts. AFR 70-15 includes these terms as assessment criteria, but their status as such is currently being

studied by the Air Force Materiel Command. Rather than publish a definition that may be quickly out of date, the authors chose to change "Typical" in the first definition to "Examples of". The same respondent suggested the use of the word "category" in lieu of the word "type" in the first sentence. This change is deemed appropriate, and is reflected in the final proposed definition. The second sentence in the definition for other than science and technology efforts is being deleted. The same sentence is used in the definition for specific criteria found later in this chapter. It caused confusion for the respondents to that term. Therefore, for consistency, it is deleted from this term. The rationale for the deletion is discussed under specific criteria and is also valid for this term. The final revised definitions are:

#### Assessment Criteria

##### (1) (For other than science and technology)

A type of evaluation criterion that relates to the offeror's proposal and abilities. Examples of assessment criteria are soundness of approach, understanding the requirements, and compliance with the requirements.

Synonym: None

Antonym: None

##### (2) (For science and technology)

A type of evaluation criterion that relates to the offeror's proposal and abilities and are used to determine proposal acceptability and technical merit. Typical assessment criteria are understanding the problem, soundness of approach, compliance with requirements, novel approach, availability of necessary equipment and facilities, management capability, and experience and qualifications.

Synonym: None

Antonym: None

### Award Fee

The portion of fee or profit on a contract with award-fee provisions that may be earned in whole or in part on the basis of a contractor's performance in accordance with criteria set forth in the contract. The Government's evaluation of the amount of fee to be paid under the award fee provisions is judgemental and is not subject to the "Disputes" provision of the contract.

Synonym: None

Antonym: fixed fee

The survey responses yielded the following results:

Strongly Agree	23	Strongly Disagree	1
Agree	47	No Mark	1
Undecided	4	Total	78
Disagree	2	Percent of Agreement	90.91%

There were a host of comments objecting to the use of the words "profit", "evaluation", and "judgemental" in the proposed definition.

Some examples follow:

- I hope not judgemental. It may be subjective but some elements such as cost savings or efficiency are not. Fee is fee, not profit.
- I think the term "judgemental" may be too strong in this definition.
- Delete the word "profit".
- Replace the word "evaluation" with "determination".
- The word "profit" does not belong in the definition of award fee.

The objections to the use of these words are valid in the eyes of the authors and corrections are reflected in the final proposed

definition. Additional comments on the proposed definition included the following:

- The criteria [are] spelled out specifically in the award fee plan contained in the contract.
- Agree, except for antonym.
- ... Also feel that this is a unique concept that has neither a synonym nor an antonym.

These comments are deemed valid. The award fee plan is the tool for administering and determining the award fee. In addition, further review of the antonym "fixed fee" leads to the conclusion that it is not an antonym for the term. One respondent suggested using the term "incentive fee" as a synonym for the term. However, common association of incentive fee with FPIF and CPIF contracts renders this term inappropriate as a synonym. The final proposed definition is:

#### Award Fee

The portion of fee on a contract with award-fee provisions that may be earned in whole or in part on the basis of a contractor's performance in accordance with the award fee plan set forth in the contract. The Government's determination of the amount of fee to be paid under the award fee provisions is subjective. This determination is not subject to the "Disputes" provision of the contract.

Synonym: None

Antonym: None

#### Bid Protest

A written objection by an interested party to an agency's Invitation for Bids (IFB) for a proposed contract for the acquisition of supplies or services, or a written objection by an interested party to a proposed award or the award of such a contract.



Synonym: None

Antonym: None

The survey responses yielded the following results:

Strongly Agree	15	Strongly Disagree	2
Agree	45	No Mark	1
Undecided	3	Total	78
Disagree	12	Percent of Agreement	77.92%

Respondent comments included:

- "Interested party" gives me problems. Should be limited to a bidder.
- Bid protests can result from IFB's, CBD, RFP's, and other forms of solicitations.
- Not just IFB's, also RFP's.
- While I believe the definition to be technically correct, actual usage of the term, I believe, is much broader. It is frequently used to describe protests associated with Requests for Proposals (RFP's) or negotiated procurements...
- Also applies to RFP's (15.1004).
- Revise to address protest, not bid or RFP.

The concern about the term "interested party" is understood; however, all three sources cited in Chapter II use that term. It is clear from the other comments that this term is redundant with the definition for the term "protest". Protests can emanate from IFB's or RFP's.

Accordingly, the revised definition is:

Bid Protest

See "Protest".

### Buy American Act

Federal Policy stating that materials, supplies, or articles acquired for public use shall be substantially constituted from domestically mined or manufactured materials; products are considered of domestic origin if at least fifty-one percent of the components in them are mined or manufactured in the United States.

Synonym: None

Antonym: free trade

The survey responses yielded the following results:

Strongly Agree	15	Strongly Disagree	4
Agree	49	No Mark	1
Undecided	3	Total	78
Disagree	6	Percent of Agreement	83.12%

Respondent comments indicated that there were three problems with the proposed definition. First, the Act is not Federal Policy, it is Federal Law. Second, the 51% figure is incorrect; it should be "exceeds 50%". Third, the definition did not indicate that there were exceptions to the Act. The proposed final definition corrects these shortcomings. The comments on all three problems were numerous, but the respondents noted no other significant differences with the synthesized definition. The final proposed definition is:

### Buy American Act

Federal Law (41 U.S.C. 10), implemented by Executive Order 10852, 17 Dec 54 (as amended) and the Federal Acquisition Regulation (FAR) stating that materials, supplies, or articles acquired for public use shall be substantially constituted from domestically mined or manufactured materials; products are considered of domestic origin if over 50% of the components in them are mined or manufactured in the United States. See FAR 25.1 for exceptions to the Act.

Synonym: None

Antonym: free trade

### Certificate of Current Cost or Pricing Data

A certificate which states that the cost or pricing data submitted to the Government as required by FAR 15.804-2 are accurate, complete, and current as of the date the contractor and the Government agreed on a price. This certificate must be submitted prior to award of the contract to which it pertains.

Synonym: certificate

Antonym: none

The survey responses yielded the following results:

Strongly Agree	29	Strongly Disagree	0
Agree	44	No Mark	1
Undecided	1	Total	82
Disagree	7	Percent of Agreement	90.12%

This proposed definition elicited a fair amount of comment; however, most of the comments centered around two suggestions. First, a number of respondents commented that price may be established after contract award, as, for example, when a letter contract has been issued, or when the contractual action in question is a contract modification.

Secondly, several people suggested use of the phrase, "as soon as practicable after price agreement is reached" (the phrase used in the FAR at 15.804-4 (16:15-22)) in lieu of or in addition to "prior to award of the contract to which it pertains". Both suggestions were deemed to have merit; additionally, amendment of the proposed definition to accommodate these suggestions would enhance the clarity of the definition. Since the same comments were made by many of the respondents, and since such adjustments are not inconsistent with the proposed definition as originally included in the survey, use of the Delphi technique to confirm the appropriateness of the changes was

considered unnecessary. The final proposed definition, incorporating the changes indicated by the survey respondents, is as follows.

Certificate of Current Cost or Pricing Data

A certificate which states that the cost or pricing data submitted to the Government as required by FAR 15.804-2 are accurate, complete, and current as of the date the contractor and the Government agreed on a price. This certificate must be submitted as soon as practicable after price agreement is reached but prior to award or definitization of the contract or modification to which it pertains.

Synonym: certificate

Antonym: none

Commercial off-the-Shelf

Existing items (either supplies or services) that are sold or traded to the general public in the course of normal business operations at prices based on catalog or market prices, and at most require minor modifications to meet the requirements of the procuring agency.

Synonym: non-development items

Antonym: development items

The survey responses yielded the following results:

Strongly Agree	17	Strongly Disagree	1
Agree	44	No Mark	1
Undecided	9	Total	78
Disagree	6	Percent of Agreement	79.22%

The following respondent comment is eminently appropriate for this word:

- FAR 11.001 definitions for "Commercial Product" and for "Commercial-Type Product" better address this subject. I consider this additional definition somewhat redundant, unnecessary, and potentially confusing in that it attempts to oversimplify.

The comments objecting to this term basically fell into two categories. First, because many of the respondents had a contracting background, they wanted the phrase "and sold in substantial quantities to the general public" added to the definition. This phrase comes from FAR 15.804-3(c) and relates to exemptions from submission of cost or pricing data. The authors had no intention of linking this term's definition with requirements for cost or pricing data, but the source data, as described in Chapter II, led to the use of the term "catalog or market prices" which, in turn, apparently generated the respondents' comments. Many respondents also objected to the last phrase of the term, which read "and at most require minor modifications to meet the requirements of the procuring agency". They felt the statement was both too broad and inappropriate, since off-the-shelf items should not be modified. Thus, although the synthesized definition achieved a consensus based on the 79% agreement rate, it still generates a substantial amount of confusion in regard to other contracting terms. Therefore, the authors find themselves in agreement with the first respondent comment cited above, which suggested alternate terms to address this subject. The FAR definitions for "commercial product" and "commercial-type product" are considered to provide the profession with adequate definitional guidance in this area. However, these terms are not included in Hauf's master list of terms. Based on the survey responses and respondents' comments, it is recommended that the terms

"commercial product" and "commercial-type product" be added to the master list and addressed in a later thesis effort.

#### Competition in Contracting Act

Division B, Title VII, of the Deficit Reduction Act of 1984 (Public Law 98-369), CICA is applicable to solicitations issued after 31 Mar 85. It enacted sweeping amendments to the Armed Services Procurement Act (ASPA) and the Federal Property and Administrative Services Act (FPASA), and includes amendments to the Office of Federal Procurement Policy (OFPP) Act and the Budget and Accounting Act. Changes include:

- requirement to provide for full and open competition by soliciting sealed bids or requesting competitive proposals, or use other competitive procedures, unless a statutory exception permits other than full and open competition;
- new justification, approval, and notice requirements for contracts employing other than full and open competition;
- requirement for the appointment of competition advocates and enumeration of their responsibilities;
- amendment to Budget and Accounting Act to codify and strengthen current GAO bid protest procedures; and
- amendment to FPASA to provide a new authority to resolve protests involving procurement of ADP equipment under Public Law 89-306.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	17	Strongly Disagree	0
Agree	51	No Mark	0
Undecided	12	Total	82
Disagree	2	Percent of Agreement	82.93%

At least half of the respondents who marked "undecided" indicated that they had retired prior to the effective date of CICA, and hence had no

experience with it. There were few substantive comments offered for this term. Rather, most of the comments could fairly be termed "gripes". One respondent suggested that the definition included too many acronyms. Another indicated that "CICA is too broad to summarize". Yet another (a lawyer) suggested inclusion of U.S.C. references in lieu of Public Law references. The most constructive comment suggested deletion of the word "current" in the fourth bullet. Since "current" referred to the 1985 timeframe, the researchers concur that its use in the definition is inappropriate. No other changes to the definition were deemed necessary based on the survey responses. The final proposed definition is as follows.

#### Competition in Contracting Act

Division B, Title VII, of the Deficit Reduction Act of 1984 (Public Law 98-369), CICA is applicable to solicitations issued after 31 Mar 85. It enacted sweeping amendments to the Armed Services Procurement Act (ASPA) and the Federal Property and Administrative Services Act (FPASA), and includes amendments to the Office of Federal Procurement Policy (OFPP) Act and the Budget and Accounting Act. Changes include:

- requirement to provide for full and open competition by soliciting sealed bids or requesting competitive proposals, or use other competitive procedures, unless a statutory exception permits other than full and open competition;
- new justification, approval, and notice requirements for contracts employing other than full and open competition;
- requirement for the appointment of competition advocates and enumeration of their responsibilities;
- amendment to Budget and Accounting Act to codify and strengthen GAO bid protest procedures; and
- amendment to FPASA to provide a new authority to resolve protests involving procurement of ADP equipment under Public Law 89-306.

Synonym: none

Antonym: none

#### Competitive Negotiation

A negotiated procurement that: (1) is initiated by a request for proposals which states the Government's requirements and the criteria for evaluation of offerors' proposals; (2) contemplates the submission of timely proposals by the maximum number of possible offerors through the use of the competitive procedures set forth in FAR Part 6; (3) usually provides discussions with those offerors found to be within the competitive range; and (4) concludes with the award of a contract(s) to the offeror(s) whose proposal(s) is determined to be most advantageous to the government after consideration of the evaluation criteria set forth in the request for proposal.

Synonym: None

Antonym: sole source negotiations

The survey responses yielded the following results:

Strongly Agree	17	Strongly Disagree	0
Agree	51	No Mark	0
Undecided	4	Total	78
Disagree	6	Percent of Agreement	87.18%

Respondent comments follow:

- Delete negotiated in the first sentence.
- Delete "maximum" and substitute "several".
- Add responsive and responsible.
- For (3) change to: "provides discussions with those offerors found to be within the competitive range when award is not made off of initial offerors.
- Change the term "discussion" in (3) to "negotiations".
- Substitute "often" for "usually" in (3).

A review of these comments finds them to be editorial in nature. To



make changes due to these comments would not enhance the synthesized definition. Several respondents suggested "sealed bidding" and "mandated sources" as antonyms. These additional antonyms are considered appropriate and they are incorporated in the final proposed definition. Finally, a respondent suggested that the reference to FAR Part 6 be replaced with FAR Part 15. This suggestion is quite helpful. While Part 6 discusses the term, competitive negotiation procedures are set forth in FAR Part 15.6. The final proposed definition is, which incorporates the changes discussed above, is:

#### Competitive Negotiation

A negotiated procurement that: (1) is initiated by a request for proposals which states the Government's requirements and the criteria for evaluation of offerors' proposals; (2) contemplates the submission of timely proposals by the maximum number of possible offerors through the use of the competitive procedures set forth in FAR 15.6; (3) usually provides discussions with those offerors found to be within the competitive range; and (4) concludes with the award of a contract(s) to the offeror(s) whose proposal(s) is (are) determined to be most advantageous to the government after consideration of the evaluation criteria set forth in the request for proposal.

Synonym: None

Antonym: sole source negotiations; sealed bidding; mandated sources

#### Contract, Cost Reimbursement (CR)

(1) A type of contract which provides for payment to the contractor of allowable costs incurred in the performance of the contract, to the extent prescribed in the contract, but which includes no provisions for payment of a fee.

Synonym: cost contract

Antonym: fixed-price contract

(2) Any of a class of contract types, including cost reimbursement

(CR), cost-plus-fixed-fee (CPFF), cost-plus-incentive-fee (CPIF), and cost-plus-award-fee (CPAF), which provides for payment to the contractor of allowable, allocable, and reasonable costs incurred in the performance of a contract, to the extent that such costs are prescribed or permitted by the contract. Under these contracts, an estimate of total cost is developed for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without approval of the buyer.

Synonym: cost type contract

Antonym: fixed price type contract

The survey responses yielded the following results:

Strongly Agree	17	Strongly Disagree	2
Agree	44	No Mark	1
Undecided	8	Total	82
Disagree	10	Percent of Agreement	75.31%

Although the consensus level was above the 67% specified in the decision rules set forth in Chapter III, the number of respondents who disagreed with the proposed definition was somewhat surprising, given the relatively straightforward nature of this term. However, it is enlightening to enumerate some of the comments offered by respondents who disagreed with the proposed definition, in order to give a flavor for the sources of the disagreement. The comments included:

- Most all CR contracts have some fee provisions. Only universities might have no fee CR contracts.
- This is a mixed bag that I find unintelligible. There are cost (no fee), cost sharing, CPFF, and CPIF that cannot be lumped together as shown above. Since when are there ceilings on most of these type contracts?
- Either it provides for a fee or it doesn't. Cost Reimbursement stands alone ... it includes no other cost type contract.
- Time to define contracts by their pricing terms rather than lump them into broad categories.

- Type (2) above should include that G&A and Overhead and Profit are allowed, since Type (1) does not allow fee.

These comments set forth opinions which were supported neither by the contracting literature reviewed, nor by the majority of the survey respondents. No basis for amending the proposed definition was found in these comments. However, several more valid points were made by the respondents who agreed with the proposed definition or were undecided. A number of people suggested amending the first, narrow definition to read "allowable, allocable, and reasonable costs" in lieu of "allowable costs" in order to be consistent with the second definition. Since this appeared to be of some concern to quite a few respondents, and since the change is supportable based on the literature, it will be incorporated into the final proposed definition. Another frequent suggestion was to convert the last word of the second definition from "buyer" to "C.O.", or contracting officer. The authors had actually intended the definition to be in generic "buyer-seller" terms, since these contract types are not limited to Government use. However, since use of the term "buyer" did cause quite a bit of consternation, the final proposed definition will be amended to include a more precise term.

Many also suggested that the definition include a discussion of the situations in which use of a cost reimbursement contract is appropriate, as well as a discussion of risk. A number of respondents also indicated that an elaboration on the types of fee and their development would enhance the definition. In regard to these latter

suggestions, it is the authors' opinion that applicability of the contract types and associated risk are topics of such depth that they cannot be adequately covered in a definition, where a need for completeness must be balanced by a need for conciseness. Additionally, it is noted that each type of fee mentioned in the definition is addressed separately in the larger research effort of which this thesis forms a part. Therefore, no change to the proposed definition will be made as a result of these comments. The final proposed definition is as follows.

Contract, Cost Reimbursement (CR)

- (1) A type of contract which provides for payment to the contractor of allowable, allocable, and reasonable costs incurred in the performance of the contract, to the extent prescribed in the contract, but which includes no provisions for payment of a fee.

Synonym: cost contract

Antonym: fixed-price contract

- (2) Any of a class of contract types, including cost reimbursement (CR), cost-plus-fixed-fee (CPFF), cost-plus-incentive-fee (CPIF), and cost-plus-award-fee (CPAF), which provides for payment to the contractor of allowable, allocable, and reasonable costs incurred in the performance of a contract, to the extent that such costs are prescribed or permitted by the contract. Under these contracts, an estimate of total cost is developed for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without approval of the authorized representative of the buyer.

Synonym: cost type contract

Antonym: fixed price type contract

### Contract, Fixed Price

Any of a class of contract types, including firm-fixed-price (FFP), fixed-price-with-escalation, fixed-price-redeterminable, and fixed-price-incentive (FPI), the common characteristic of which is a price ceiling. The contract may provide for a firm price, or one which is adjustable, based on contract clauses relative to contract changes, economic price adjustment, etc.

Synonym: none

Antonym: cost type contract; cost reimbursement contract

The survey responses yielded the following results:

Strongly Agree	16	Strongly Disagree	0
Agree	56	No Mark	0
Undecided	4	Total	82
Disagree	6	Percent of Agreement	87.81%

The most frequent comment regarding this term suggested inclusion of a statement regarding the contractor's obligation to perform, regardless of actual cost, under a fixed price type of contract. This aspect of fixed price type contracts is supported in the available contracting literature. For example, according to the Armed Services Pricing Manual (ASPM), "under any of the fixed-price arrangements, the actual costs incurred by the contractor have no effect on the agreement to deliver the product or perform the service required by the contract" (8:1-11). Accordingly, the proposed definition is amended to include this information. As with "Cost Reimbursement Contract", above, many responses indicated that inclusion of a discussion of applicability of fixed price type contracts and risk associated with such contracts would enhance the proposed definition. However, as stated under "Cost Reimbursement Contract", above, it is the authors' opinion that

applicability of contract types and associated risks are topics of such depth that they cannot be adequately addressed in a definition.

Therefore, no changes will be made in regard to the latter suggestion.

The final proposed definition is as follows.

#### Contract, Fixed Price

Any of a class of contract types, including firm-fixed-price (FFP), fixed-price-with-escalation, fixed-price-redeterminable, and fixed-price-incentive (FPI), the common characteristic of which is a price ceiling. The contract may provide for a firm price, or one which is adjustable, based on contract clauses relative to contract changes, economic price adjustment, etc. Under any of the fixed-price arrangements, the contractor is obligated to deliver the product or perform the service required by the contract regardless of actual costs incurred.

Synonym: none

Antonym: cost type contract; cost reimbursement contract

#### Contract, Indefinite Quantity (IQ)

A type of contract which provides for an indefinite quantity, within stated limits, of specific supplies or services to be furnished during a fixed period, with deliveries to be scheduled by placing orders with the contractor. (FAR 16.504(a))

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	24	Strongly Disagree	0
Agree	44	"Don't Know Term"	1
Undecided	6	No Mark	0
Disagree	7	Total	82
		Percent of Agreement	82.93%

Interestingly, the demographic data showed that most of those who disagreed with the proposed definition of this term gave their place of

employment as a commercial contracting activity, indicating that there may be some disparity in the use of this term within and outside the Government. However, since not all "commercial contracting" respondents disagreed with the proposed definition, no clear-cut conclusion on this point can be drawn. The following are among the comments offered by those who disagreed with the proposed definition:

- Should also be defined by type of price.
- Mention Government liability for a specified minimum quantity.
- Called Blanket Order.
- Requires funding of initial order of minimum on award.
- "Deliveries" are not only "scheduled" by placing orders with the contractor, they are firm priced, authorized, and scheduled by delivery orders.
- Definitions shouldn't include the term being defined.

These comments were not deemed to suggest any indispensable changes to the proposed definition. Many respondents who agreed with the proposed definition suggested that some reference to price aspects and contract type (firm, fixed price was often cited) be included. It was also recommended that "a type of contract" be amended to read "a type of indefinite-delivery contract". In addition, several respondents recommended placing greater emphasis on the minimum and maximum limits on quantity. The latter two suggestions can readily be incorporated into the definition, and the authors concur with the respondents that these changes will enhance the clarity of the definition. An analysis of the respondents' suggestions regarding price aspects and contract

type was more difficult. While inclusion of such information would certainly enhance the completeness of the definition, a review of FAR 16.501(c) shows that these aspects of an indefinite quantity contract are not nearly as definite as many of the respondents believed (16:16-12). Rather than include a lengthy discussion of alternatives, it was decided to exclude pricing arrangements from the definition altogether. Finally, several respondents sagely suggested "definite-quantity contract" as an antonym. The authors found this suggestion meritorious. Accordingly, the final proposed definition is shown below.

Contract, Indefinite Quantity (IQ)

A type of indefinite-delivery contract which provides for an indefinite quantity, within stated minimum and maximum limits, of specific supplies or services to be furnished during a fixed period, with deliveries to be scheduled by placing orders with the contractor.

Synonym: none

Antonym: definite-delivery contract

Cost Accounting Standards (CAS)

Principles, applicable to the compilation and analysis of costs of selling and manufacturing products, including methods for classifying, summarizing, recording, reporting, and allocating costs, established by the Cost Accounting Standards Board for the purpose of achieving uniformity and consistency in the treatment of costs by defense contractors and subcontractors. See FAR Part 30 for an enumeration of cost accounting standards.

Synonym: none

Antonym: none

The survey responses yielded the following results:



Strongly Agree	21	Strongly Disagree	0
Agree	48	No Mark	1
Undecided	8	Total	82
Disagree	4	Percent of Agreement	85.19%

Although the majority of respondents agreed with the proposed definition, many of their comments included two valid suggestions for improving it. A number of respondents noted that, while CAS applies to service contracts as well as supply contracts, this was not clear in the definition. Secondly, many suggested including some mention of the applicability of cost accounting standards (for example, small businesses are exempt). Since the rules for determining the applicability of CAS, as set out in FAR 30.201-1, are lengthy, it would be contrary to the goal of brevity to include them in the definition; nevertheless, a mention of their existence will enhance the definition. The authors concur that both suggestions have merit, and have consequently adjusted the final proposed definition as shown below.

#### Cost Accounting Standards (CAS)

Principles, applicable to the compilation and analysis of costs of selling and/or manufacturing products or services, including methods for classifying, summarizing, recording, reporting, and allocating costs, established by the Cost Accounting Standards Board for the purpose of achieving uniformity and consistency in the treatment of costs by defense contractors and subcontractors. See FAR Part 30 for an enumeration of cost accounting standards and the rules for determining the applicability of CAS.

Synonym: none

Antonym: none

### Cost Criterion

A mandatory evaluation criterion that states the basis for the evaluation of the offeror's proposal for purposes of award in terms of cost or price. Examples of cost criteria are acquisition cost/price and Most-Probable-Life-Cycle-Cost (MPLCC).

Synonyms: cost factor; cost area

Antonym: None

The survey responses yielded the following results:

Strongly Agree	8	Strongly Disagree	2
Agree	48	No Mark	0
Undecided	14	Total	78
Disagree	6	Percent of Agreement	71.79%

Respondent comments follow:

- Disagree with the use of the adjective "mandatory".
- "Mandatory" could be questionable.
- Mandatory?

FAR 15.605 is clear on this issue. It uses the word "shall" when addressing cost or price to the government as an evaluation factor in source selection. Thus, the adjective "mandatory" is appropriate.

- Acquisition cost/price and MPLCC contain cost criteria; they are not criteria in themselves.

The authors disagree with this comment. Acquisition cost/price and MPLCC are cost criteria. The cost criterion for each source selection is evaluated for reasonableness, realism, and completeness.

Additionally, several respondents questioned the examples offered, calling them too restrictive or not generally applicable. In order to compensate for this, "estimated cost" will be added to the list of examples to account for cost-type efforts. Finally, several

respondents suggested that cost realism/reasonableness should be addressed. This suggestion is apt, and the final proposed definition, shown below, is amended accordingly.

#### Cost Criterion

A mandatory evaluation criterion that states the basis for the evaluation of the offeror's proposal for purposes of award in terms of cost or price. Examples of cost criteria are acquisition cost/price, estimated cost, and Most-Probable-Life-Cycle-Cost (MPLCC). Cost criterion may be evaluated for cost realism, cost reasonableness, and completeness of cost.

Synonyms: cost factor; cost area

Antonym: None

#### Cost Estimating Relationship (CER)

A mathematical expression relating cost as the dependent variable to one or more independent, cost-driving variables. The relationship may be cost-to-cost, such as using manufacturing costs to estimate quality assurance costs. The relationship may also be cost-to-noncost, such as estimating manufacturing costs based on the weight associated with the hardware change being estimated.

Synonyms: parametrics; pricing factors; estimating factors

Antonyms: direct estimates; engineering estimates

The survey responses yielded the following results:

Strongly Agree	11	Strongly Disagree	0
Agree	48	"Don't Know Term"	3
Undecided	16	No Mark	3
Disagree	1	Total	82
Strongly Disagree	0	Percent of Agreement	74.68%

The relatively low level of consensus on this term (75%) does not seem to be attributable to any serious disagreement with the proposed

definition on the respondents' part (only one marked "disagree"). Rather, the problem seems to be that a number of the respondents were unfamiliar or uncomfortable with the term. The fact that, while this is a term related to pricing, only nine respondents to survey B (of which this term was a part) indicated that pricing or audit was their primary area of expertise tends to support this suspicion. If those who marked "undecided", annotated on the survey that they were unfamiliar with the term, or failed to mark their Likert scale for this term are excluded, the percent of agreement rises to an astronomical 98.3%. The respondents offered very few comments on this term, of which most could fairly be characterized as questions. Based on the foregoing, there is no basis for changing the proposed definition. Hence, in spite of the relatively low percentage of agreement, the original synthesized definition is accepted, unchanged, as the final proposed definition, as follows.

#### Cost Estimating Relationship (CER)

A mathematical expression relating cost as the dependent variable to one or more independent, cost-driving variables. The relationship may be cost-to-cost, such as using manufacturing costs to estimate quality assurance costs. The relationship may also be cost-to-noncost, such as estimating manufacturing costs based on the weight associated with the hardware change being estimated.

Synonyms: parametrics; pricing factors; estimating factors

Antonyms: direct estimates; engineering estimates

### Cost Growth

The net increase of an estimated or actual amount in a baseline figure that has previously been established.

Synonyms: cost overrun; cost escalation

Antonym: cost underrun

The survey responses yielded the following results:

Strongly Agree	8	Strongly Disagree	2
Agree	52	No Mark	1
Undecided	11	Total	78
Disagree	4	Percent of Agreement	77.92%

Respondent comments included the following.

- I'm not sure how an "actual" amount can grow.
- Actual? Once it's "actual", how can it grow?

These comments are considered valid. "Actual" will be deleted from the final proposed definition. The respondents additionally noted the following:

- I have heard it argued that there is a definite distinction between cost growth and a cost overrun
- Cost growth indicates increase in contract cost baseline beyond the control of the government - Fee/Profit bearing. This is opposite of cost overrun - which can come about due to poor estimating on the part of the contractor or buy-in during competition.
- Should indicate that the baseline is adjusted for scope changes. Is it intended that this definition include both growth to costs being different than originally estimated as well as tasks due to costs changes?
- Reasons for cost growth - out of scope is OK.
- A baseline figure is by definition previously established.  
Amount of what?

The intent for this term was to provide a short, generic definition of

cost growth that was not associated with a particular type of contract, not to address the reason for the growth. It is clear from the responses that this intent was not adequately conveyed in the synthesized definition. This is attributable to two factors. First, the authors did not provide a situational environment that reinforced the generic nature of the definition. Second, the synonyms and the antonym are normally associated with contract types. The two causes of confusion will be eliminated in the final proposed definition, shown below.

#### Cost Growth

The increase of estimated cost over a baseline figure for a program, project, task, or contract.

Synonym: None

Antonym: None

#### Cost Performance Report

A contract data item that reports progress to date, deviations from schedules, and planned costs. This report facilitates the timely identification of problems and assists the Government program manager in his/her decision making process. It also contains information on contractor management actions that are being taken to correct existing problems.

Synonym: None

Antonym: None

The survey responses yielded the following results:

Strongly Agree	11	Strongly Disagree	0
Agree	49	No Mark	1
Undecided	9	Total	78
Disagree	8	Percent of Agreement	77.92%

Respondent comments follow:

- Change "facilitate" to "designed to facilitate". Change "also contains" to "should also contain". In my experience the reports do not always contain information as intended but they technically fulfill the contract requirement.

The respondent points out a problem that must be resolved at the individual contracting activity level. The comments do not warrant a definitional change.

- Get rid of his/her.

This change, although stylistic in nature, is reflected in the final proposed definition.

- Definition must address more clearly the correlation of cost to performance as opposed to schedule.

In order to better emphasize the correlation, the phrase "as indicators of present and future performance" will be added to the end of the first sentence in the final proposed definition.

There were several marked-up definitions that suggested improvements to the wording of the first sentence. The final proposed definition, shown below, accommodates these editorial suggestions.

#### Cost Performance Report

A contract data item that reports cost and schedule progress to date and the details of actual and projected deviations from schedules and planned costs as indicators of present and future performance. This report facilitates the timely identification of problems and assists the Government program manager in the decision making process. It also contains information on contractor management actions that are being taken to correct existing problems.

Synonym: None

Antonym: None

#### Data Item Description (DID)

The specification for a Contracts Data Requirements List (CDRL) item. Information set forth in the DID includes, but is not limited to, the title, identification number, the description and purpose of the data item, approval date of the DID, the office of primary responsibility, and detailed preparation instructions for the data item.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	12	Strongly Disagree	0
Agree	57	No Mark	2
Undecided	6	Total	78
Disagree	1	Percent of Agreement	90.78%

The only salient respondent comment for this term suggested that delivery dates should be included. However, delivery dates for the individual data items contained in the contract are called out on the DD Form 1423, not the DID. As no other changes were suggested, the synthesized definition is accepted, unchanged, as the final proposed definition, shown below.

#### Data Item Description (DID)

The specification for a Contracts Data Requirements List (CDRL) item. Information set forth in the DID includes, but is not limited to, the title, identification number, the description and purpose of the data item, approval date of the DID, the office of primary responsibility, and detailed preparation instructions for the data item.

Synonym: none

Antonym: none



### Debriefing

A briefing provided to the unsuccessful offeror(s) when a contract has been awarded on the basis of other than price alone. An unsuccessful offeror must request this briefing in writing, whereupon it must be furnished as soon as possible. The briefing must provide the basis for the selection and award, and must also contain the strong and weak points of the unsuccessful offeror's proposal in relation to the requirements of the solicitation. See FAR 15.1003 for the details of what cannot be revealed in the briefing.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	15	Strongly Disagree	0
Agree	53	No Mark	1
Undecided	4	Total	78
Disagree	5	Percent of Agreement	88.31%

Some of the respondent comments on the synthesized definition follow.

- Briefing can occur regardless of the basis for award.
- I am personally familiar with instances in which the successful offeror requested and was granted a debriefing.
- At CO discretion, all unsuccessful offerors are debriefed.
- A debriefing can also be given the winner.

These comments are based on individual experience and/or practices specific to particular agencies. However, the synthesized definition was intended to contain the minimum requirements for a debriefing as revealed by the research documented in Chapter II. It would be inappropriate to revise the definition for agency-specific regulations or practices. For example, while Aeronautical Systems Center (ASC) debriefs the successful offeror, if requested, this is not reflected in

the synthesized definition because there is not a general requirement to debrief the successful offeror. Another respondent correctly commented that "FAR 15.1003 does not contain a requirement wherein the successful bidder must be briefed on their strong points". Therefore, mention of strong points is deleted in the development of the final proposed definition, shown below.

#### Debriefing

A briefing provided to the unsuccessful offeror(s) when a contract has been awarded on the basis of other than price alone. An unsuccessful offeror must request this briefing in writing, whereupon it must be furnished as soon as possible. The briefing must provide the basis for the selection and award, and must also contain the weak points of the unsuccessful offeror's proposal in relation to the requirements of the solicitation. See FAR 15.1003 for the details of what cannot be revealed in the briefing.

Synonym: none

Antonym: none

#### Economic Price Adjustment (EPA) Clause

A clause which provides for upward and downward revision of the stated contract price of a fixed-price contract upon the occurrence of specified contingencies. An economic price adjustment clause can base price adjustment on established prices, actual costs of labor or material, or indexes of labor or material.

Synonym: escalation clause

Antonym: none

The survey responses yielded the following results:

Strongly Agree	18	Strongly Disagree	0
Agree	57	No Mark	2
Undecided	0	Total	82
Disagree	5	Percent of Agreement	93.75%

Although this definition achieved a high degree of consensus, some respondents expressed disagreement. Those who disagreed with the proposed definition offered the following comments:

- Replace "upward and downward" with "upward or downward or both".
- This is actually a pricing clause - should be used in defining type of contract - not a fixed price contract.
- Applicable to which contract types, annual, semi-annual, etc.?
- Should expand this definition to include cost type contracts to provide for revision of estimated cost based on the same factors for the purpose of revising fee.

These comments were not supportable based on the authors' review of the published literature on this term. Although some respondents who agreed with the proposed definition also suggested use of "upward and/or downward" wording, this suggestion is rejected because the FAR, which, as noted in Chapter II, was the apparent source of other published definitions of this term, specifically uses the phrase "upward and downward" (FAR 16.203-1) (16:16-3). The proposed definition references a fixed-price type contract, and the literature review revealed no instances wherein this term was linked to a cost type contract. Since the suggested changes to the synthesized definition could not be supported based on the review of the literature, and given the high level of consensus for this term, the synthesized definition is accepted, unchanged, as the final proposed definition, set forth below.

### Economic Price Adjustment (EPA) Clause

A clause which provides for upward and downward revision of the stated contract price of a fixed-price contract upon the occurrence of specified contingencies. An economic price adjustment clause can base price adjustment on established prices, actual costs of labor or material, or indexes of labor or material.

Synonym: escalation clause

Antonym: none

### Engineering Estimate

As discussed in Chapter II, the review of published literature indicated that this term and "'grass roots' estimate" were closely related. Based on the findings of the literature review, it was deemed appropriate to link the definition of "engineering estimate" to that of "'grass roots' estimate" for purposes of the survey. Unfortunately, as explained in more detail under "'grass roots' estimate" on page 4-49, the survey results showed that the definition of that term was controversial in nature, and it will be recommended as the subject of further research in a later thesis. Since the fate of the "engineering estimate" term was linked to that of the "'grass roots' estimate", the survey results dictate that this term also be recommended for further research in a follow-on effort.

### Estimate at Completion (EAC)

The current forecast of what the final cost of an effort will be. It consists of actual costs to date plus the estimate of the balance through completion of the effort.

Synonym: none

Antonym: actuals

The survey responses yielded the following results:

Strongly Agree	18	Strongly Disagree	0
Agree	55	No Mark	1
Undecided	4	Total	82
Disagree	4	Percent of Agreement	90.12%

Those respondents who disagreed with the proposed definition offered the following comments.

- EAC, by definition, includes actuals. A better antonym might be "final incurred costs".
- Suggest replacing "balance through completion of the effort" with "cost to finish or complete the effort".
- Is bottoms up method - EAC is OK.

Several respondents who agreed with the proposed definition also questioned the use of "actuals" as a synonym. Some alternate suggestions as antonyms for this term were "final actuals", "original budget", and "final incurred costs". However, since each of these was only suggested once, no consensus on their applicability could be construed from the survey results. Therefore, the proposed antonym will be deleted and replaced with "none". The second comment listed above consisted of wordsmithing, and did not, in the authors' opinion, enhance the clarity of the definition. The third comment was too cryptic to be useful. Based on the foregoing, the only change necessary in the synthesized definition relates to the antonym. The final proposed definition is set forth below.

### Estimate at Completion (EAC)

The current forecast of what the final cost of an effort will be. It consists of actual costs to date plus the estimate of the balance through completion of the effort.

Synonym: none

Antonym: none

### Estimate to Complete (ETC)

Those necessary and reasonable costs that in the estimator's judgement are expected to be incurred in completing the remaining work to be performed under the contract with respect to the item(s) to which the estimate relates.

Synonym: none

Antonym: actuals

The survey responses yielded the following results:

Strongly Agree	20	Strongly Disagree	0
Agree	58	No Mark	1
Undecided	0	Total	82
Disagree	3	Percent of Agreement	96.30%

This proposed definition achieved a very high level of consensus.

Nevertheless, several respondents offered constructive criticisms. One suggested deletion of the words "necessary and reasonable" from the definition. Another questioned the use of "actuals" as an antonym.

"To go effort" and "forecast" were suggested as synonyms. Other comments generally fell into the category of wordsmithing. Upon review, however, the authors found none of the suggestions sufficiently compelling to prompt a change in the synthesized definition. (It is noted that, while "actuals" is acknowledged as an inadequate antonym for "estimate at completion", its use as an antonym for this term is

considered appropriate.) Consequently, the synthesized definition is incorporated in its original form as the final proposed definition, set forth below.

Estimate to Complete (ETC)

Those necessary and reasonable costs that in the estimator's judgement are expected to be incurred in completing the remaining work to be performed under the contract with respect to the item(s) to which the estimate relates.

Synonym: none

Antonym: actuals

Evaluation Criteria for Source Selection

The basis for evaluating each offeror's capability, as evidenced in its proposal, to meet the Government's requirements as stated in the solicitation. The evaluation criteria must be clearly stated in the solicitation. Evaluation criteria are composed of assessment criteria, cost (price) criterion, and specific criteria.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	13	Strongly Disagree	1
Agree	52	No Mark	0
Undecided	6	Total	78
Disagree	6	Percent of Agreement	83.33%

Respondent comments follow:

- Generalized weighting (relationship) must be released.
- You could expand the definition to include that there is no indication of weight to be used for each criterion, but they are generally listed in order of relative importance in the solicitation.

According to FAR 15.605(e), weights do not have to be released, but the relative importance of the evaluation criteria does have to be released (16:15-13). The final proposed definition is amended to incorporate the concept of relative importance.

- You are defining how they are used, not what they are.

This comment is valid; however, the final definition should be generic. The three types of evaluation criteria were defined elsewhere in the survey. To repeat these definitions under this term would be redundant and would add considerable length to the definition. The authors believe the consensus achieved on the synthesized definition indicates basis for a sound definition.

- Assessment criteria [are] not mandatory.

This comment has merit, as well: while assessment criteria are mandatory within the Air Force, it is the authors' intent to produce a definition with broader applicability. Therefore, the last sentence will be couched in terms of "examples" as opposed to the more inclusive phrase, "are composed of". Other respondents suggested that specific examples should be used. Since this is deemed to enhance the clarity of the definition, a practical application of the criteria will be placed in parentheses after each example. The final proposed definition, incorporating the changes discussed above, follows.

#### Evaluation Criteria for Source Selection

The basis for evaluating each offeror's capability, as evidenced in its proposal, to meet the Government's requirements as stated in the solicitation. The relative importance of the evaluation criteria must be clearly stated in the solicitation. Examples of categories of



evaluation criteria (followed by a practical example in parentheses) are: assessment criteria (soundness of approach); cost (price) criterion (life cycle cost); and specific criteria (technical).

Synonym: none

Antonym: none

#### Expense Pool

A grouping of incurred costs identified with two or more objectives but not identified specifically with any final cost objective. (FAR 30.301)

Synonym: indirect cost pool

Antonym: none

The survey responses yielded the following results:

Strongly Agree	9	Strongly Disagree	2
Agree	51	"Don't Know Term"	2
Undecided	18	No Mark	0
Disagree	0	Total	82
		Percent of Agreement	73.17%

This term showed a relatively low level of consensus, not because many respondents specifically disagreed with the proposed definition, but because of the high number of respondents who were undecided about the definition. As noted in Chapter II, a review of the published literature turned up no implied or express definition of this term. Consequently, a "borrowed" definition, that of "indirect cost pool", was used. The high number of "undecided" responses may be reflective of the fact that this seems to be a loosely understood term in practice, as well as in the published literature. An additional factor to be considered is the fact that, while this is a term that would be most familiar to those with a pricing or audit background, only nine of

82 respondents to survey B, of which this term was a part, cited those disciplines as their primary area of expertise.

The two respondents who disagreed with the proposed definition offered the following comments.

- Should be homogeneous costs allocated to final cost objectives based upon causal/beneficial relationships.
- Could be pool of costs to be incurred.

The second comment was considered to address semantics rather than any fundamental concept of the definition. For example, if the costs included in the expense pool are estimates, then the result is an estimated expense pool. The first comment, however (which was made by a respondent who cited accounting/audit as his primary area of expertise), was deemed to merit serious consideration. The authors were uncomfortable with use of the word "homogeneous". According to Webster's New World Dictionary, "homogeneous" is defined as "composed of similar or identical elements or parts; uniform" (35:672). However, per FAR 31.203(b), costs are not grouped into an indirect expense pool because they are similar, but rather, "indirect costs shall be accumulated by logical cost groupings with due consideration of the reasons for incurring such costs" (emphasis added)(16:31-10). Thus, the suggested addition of the word "homogeneous" seems inappropriate. The balance of the suggested change, however, is well supported by published literature. For example, CAS 410, found at FAR 30.410, where many references to "expense pool" are found, indicates that

the purpose of this Cost Accounting Standard is to provide criteria for the allocation of business unit general and administrative (G&A) expenses to business unit final cost objectives based on their beneficial or causal relationship. (FAR 30.410-20) (16:30-33)

It is noted that, while few suggestions were made by those who agreed with the proposed definition or were undecided about it, several commented that the proposed definition seemed "too brief", or "incomplete". Based on the foregoing analysis, the synthesized definition is augmented to develop the final proposed definition as shown below.

#### Expense Pool

A grouping of incurred costs, identified with two or more objectives but not identified specifically with any final cost objective, to be allocated to final cost objectives based on their beneficial or causal relationship to those objectives.

Synonym: indirect cost pool

Antonym: none

#### Forward Pricing Rate Agreement (FPRA)

A written agreement negotiated between a contractor and the Government to make certain rates available during a specified period for use in pricing contracts or modifications. Such rates represent reasonable projections of specific costs that are not easily estimated for, identified with, or generated by a specific contract, contract end item, or task. These projections may include rates for labor, indirect costs, material obsolescence and usage, spare parts provisioning, and material handling. (FAR 15.801)

Synonym: forward pricing arrangement

Antonym: forward pricing rate recommendation (FPRR)

The survey responses yielded the following results:

Strongly Agree	23	Strongly Disagree	0
Agree	50	No Mark	2
Undecided	4	Total	82
Disagree	3	Percent of Agreement	91.25%

Two elements of the proposed definition generated a lot of comment from the respondents. The first was the phrase "make certain rates available". Most of those who commented on this phrase would prefer to see a stronger expression, such as "make certain rates binding", or "use certain rates". In general, the intention seemed to be to convey the idea that use of FPRA's is mandatory. However, although FAR indicates that "contracting officers will use FRPA rates" (FAR 15.809(e)), in actuality, the use of FPRA's is only mandatory in the absence of contravening considerations (16:15-34). This is borne out by DFARS 215.809(e)(i), which adds "... unless waived on a case-by-case basis by the head of the contracting activity" (10:215.8-8). For example, the Air Force has long had the policy of refusing to recognize FPRA's for direct labor rates when the cost of living allowances (COLAS) included in agreed-to rates exceeded those projected by the Joint Logistics Commanders. Additionally, a contracting officer may elect not to use FPRA rates (with approval from higher levels) if he has reason to believe them incorrect or inappropriate. The second controversial element of the definition was the proposed antonym, "forward pricing rate recommendation". Many respondents seemed to feel that this was more of a related term than an antipode. Consequently, the synthesized definition, less the proposed antonym, will be accepted as the final proposed definition, shown below.

### Forward Pricing Rate Agreement (FPRA)

A written agreement negotiated between a contractor and the Government to make certain rates available during a specified period for use in pricing contracts or modifications. Such rates represent reasonable projections of specific costs that are not easily estimated for, identified with, or generated by a specific contract, contract end item, or task. These projections may include rates for labor, indirect costs, material obsolescence and usage, spare parts provisioning, and material handling. (FAR 15.801)

Synonym: forward pricing arrangement

Antonym: none

### "Grass Roots" Estimate

A top-level estimate developed by collecting and combining estimates from functional organizations within a company or agency for a specific statement of work or task. An airframe grass roots estimate, for example, would be costed at the manufacturing, engineering, quality control, tooling, and material levels. Usually developed by a combination of many estimating methods and techniques, including manloading, engineering standards, and actual cost data. The underlying assumption of the grass roots methodology is that future costs for a system can be accurately predicted based on historical costs of that system.

Synonyms: engineering estimate; engineering build-up; detailed estimate

Antonyms: direct estimate; ROM (rough order of magnitude) estimate

The survey responses yielded the following results:

Strongly Agree	7	Strongly Disagree	2
Agree	37	"Don't Know Term"	14
Undecided	13	No Mark	0
Disagree	9	Total	82
		Percent of Agreement	53.66%

Initially, the low level of consensus regarding this term (54%) indicated some serious concerns about the proposed definition.

However, a review of the survey responses indicated that the disagreement was about equally split between the proposed definition and the term itself. Compounding the problem was the fact that a whopping 14 respondents annotated the survey to indicate that they were unfamiliar with the term "'grass roots' estimate". The high number who were unfamiliar with the term may be attributable to the fact that, while this is a pricing term, only four of 82 respondents to survey B, which included this term, listed pricing as their primary area of expertise.

Of those who disagreed with the proposed definition, some offered comments about the content of the definition, while others expressed their opinion about the term itself. The following are some of the comments made by those who disagreed with the proposed definition.

- Don't agree with the underlying assumption.
- I agree with all but the last sentence. It implies that "actuals" form the basis of the "grass roots" estimate. The underlying assumption is that the estimators fully understand the complexities of what they are estimating.
- Change "top-level" to "bottoms-up".
- Bad! Wrong! Doesn't belong! This is slang - there is no such thing. Kill it. You don't know what you're talking about.
- I disagree with the underlying assumption of the grass roots methodology.
- I think what you are trying to define is the Basis of Estimate. Grass Roots is a confusing name that does not relate to acquisition language.
- Jargon (entire definition crossed out).

Many of the respondents who agreed with the definition also questioned the use of the adjective "top-level". In retrospect, this was confusingly worded. Although the grass roots estimate is a top-level estimate (meaning that it results in a summary, or total, estimate), it is the aggregate of bottoms-up estimates from the functional organizations. It appears that this source of disagreement could be rectified by amending the first sentence of the definition to read, "A top-level estimate developed by collecting and combining bottoms-up estimates from functional organizations ...". No change to the proposed definition, however, can adequately address the more fundamental problem that many of the respondents seemed to have with the term itself. The low level of consensus shown by the survey results, as well as the quite vehement disagreement of some respondents, indicate that this must be considered a controversial term, and set aside for further study in a later thesis effort.

As noted previously, the term "engineering estimate" was linked to the term "'grass roots' estimate" for purposes of the survey. Those who commented appeared to be about evenly split between those who agreed that the two terms were synonymous, and those who disagreed. Thus, the link between these terms must also be further investigated.

#### Incurred Cost

A cost identified through the accrued method of accounting and reporting, or otherwise actually paid. Cost of direct labor, direct materials, and direct services identified with and necessary for the performance of a contract, and all properly

allocated and allowable indirect costs as shown by the books of the contractor. (Armed Services Pricing Manual)

Synonyms: cost incurred; actuals

Antonym: estimated costs

The survey responses yielded the following results:

Strongly Agree	17	Strongly Disagree	0
Agree	54	No Mark	2
Undecided	6	Total	82
Disagree	3	Percent of Agreement	88.75%

The majority of the survey respondents concurred with the proposed definition, but several questioned use of the term "accrued method of accounting". As they pointed out, the correct term is "accrual". This suggestion has merit, and the synthesized definition will be changed accordingly. Several also suggested use of "records" or "accounting records" in lieu of "books". Again, the suggestion is considered valid, and the synthesized definition will be changed accordingly. Two of those who disagreed with the proposed definition, as well as several who agreed, questioned use of the phrase "properly allocated and allocable" in regard to indirect costs. While it is a fine point, use of that phrase is appropriate in that an indirect cost cannot be identified with a final cost objective (for example, a contract) until it has passed the tests of allocability and allowability. Therefore, that phrase will remain unchanged in the final proposed definition, which follows.

#### Incurred Cost

A cost identified through the accrual method of accounting and reporting, or otherwise actually paid. Cost of direct labor, direct



materials, and direct services identified with and necessary for the performance of a contract, and all properly allocated and allowable indirect costs as shown by the accounting records of the contractor.

Synonyms: cost incurred; actuals

Antonym: estimated costs

#### Independent Research and Development (IR&D)

Company-funded, engineering direct activities which are neither sponsored by a grant, nor required in performing a contract, and which involve inquiry, examination, investigation, and experimentation which fall within any of the following four areas: (a) basic research, (b) applied research, (c) development, and (d) systems and other concept formulation studies.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	21	Strongly Disagree	0
Agree	50	No Mark	1
Undecided	6	Total	82
Disagree	4	Percent of Agreement	87.65%

The survey showed a fairly high level of consensus for this term's proposed definition. Nevertheless, the respondents offered a number of suggestions regarding both the wording and the content of the definition. Most prominent were comments addressing the term "company-funded", and mentioning that some IR&D costs are often reimbursed by the Government. In fact, many of the respondents seemed to have the (erroneous) idea that all IR&D is eventually reimbursed by the Government. The following were typical comments.

- Company funded? Should note cost recoverability aspect.

- Although considered company funded/developed at private expense for purposes such as patents, most IR&D effort is actually reimbursed by the government and recovered on contracts.
- Following "company-funded", I would add "(but fully or partially recoverable through direct contracts)".

In developing the synthesized definition, the authors had elected to exclude any mention of reimbursement of IR&D costs by the Government under a tri-services agreement because the subject was too complex to be adequately covered in a dictionary. The respondents' "semi-enlightened" comments reinforced this view. Rather than include a brief, and necessarily incomplete, reference to recovery of IR&D costs, which might be misconstrued by a reader made dangerous by a little knowledge, the writers deem it best to make no mention of this topic. It is noted that, since the term being defined is "independent research and development", not "IR&D cost", the exclusion of a discussion of recovery of costs under a Government contract is not considered to diminish the completeness of the definition. Accordingly, the synthesized definition as shown below is accepted, unchanged, as the final proposed definition.

#### Independent Research and Development (IR&D)

Company-funded, engineering direct activities which are neither sponsored by a grant, nor required in performing a contract, and which involve inquiry, examination, investigation, and experimentation which fall within any of the following four areas: (a) basic research, (b) applied research, (c) development, and (d) systems and other concept formulation studies.

Synonym: none

Antonym: none

### Labor Surplus Area

A geographic area identified by the Department of Labor in accordance with 20 CFR 654 as an area of concentrated unemployment or underemployment, or an area of labor surplus (FAR 20.101)

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	23	Strongly Disagree	0
Agree	50	No Mark	0
Undecided	3	Total	78
Disagree	2	Percent of Agreement	93.59%

The following are among the comments offered by the respondents.

- Synonym: Economically Depressed Area
- Not clear. Revise as follows: "... as an area of concentrated unemployment, and area of concentrated underemployment, or an area of labor surplus".
- When a reference is inserted in a definition (e.g. 20 CFR 654) the definition is no longer inclusive.
- Why cite the CFR? It does not add to the definition!

The suggested synonym is appropriate, and is incorporated in the final proposed definition. The revision suggested in the second comment adds clarity to the definition and is also incorporated in the final proposed definition. In regard to the comments objecting to the inclusion of the reference to 20 CFR 654 in the definition, it is noted that the intent of this effort is to compile complete, encyclopedic definitions for selected contracting terms. The inclusion of references is appropriate for this type of effort. Therefore, the reference is retained in the final proposed definition, shown below.

### Labor Surplus Area

A geographic area identified by the Department of Labor in accordance with 20 CFR 654 as an area of concentrated unemployment, an area of concentrated underemployment, or an area of labor surplus.

Synonym: economically depressed area

Antonym: none

### Labor Surplus Area Concern

A concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price. (FAR 20.101)

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	16	Strongly Disagree	0
Agree	51	No Mark	2
Undecided	8	Total	78
Disagree	1	Percent of Agreement	88.16%

Respondent comments follow:

- I have problems with this.. Costs incurred do not necessarily equate to employment. Costs should be related to labor costs.
- Define the word "concern" or use another word, i.e. business entity, contractors, etc.

Although costs incurred could conceivably be dominated by material purchases rather than labor costs, the research documented in Chapter II indicates that "cost", as opposed to "labor cost" is the regulatory "yardstick". Accordingly, a change to the synthesized definition is not indicated. As was previously stated in Chapter II, the authors

assume that the reader has a working knowledge of component words, such as "concern". Based on this analysis, the synthesized definition is accepted, unchanged, as the final proposed definition, shown below.

#### Labor Surplus Area Concern

A concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price.  
(FAR 20.101)

Synonym: none

Antonym: none

#### Other than Full and Open Competition

The condition that exists when all of the responsible sources are not permitted to compete for the award of a contract. It is Government policy that contracting officers shall promote and provide for full and open competition when they are soliciting proposals and awarding contracts. Statutory authorities allowing other than full and open competition are found in FAR 6.302.

Synonyms: sole source acquisitions; restricted competitions

Antonym: full and open competition

#### Response Data

Strongly Agree	17	Strongly Disagree	2
Agree	44	No Mark	2
Undecided	4	Total	78
Disagree	9	Percent of Agreement	80.26%

Prior to detailing the respondents' comments for this term it is important to reiterate the core research for the term. The Desktop Guide and FAR both define full and open competition as a situation in

which "all responsible sources are permitted to compete" (11:30; 16:6-1). It was the position of the authors that the opposite of this definition, "the condition that exists when all of the responsible sources are not permitted to compete for the award of a contract" would suffice as the basis for the proposed definition. While consensus was achieved, the respondents' comments indicate that the initial premise was flawed. Some of the respondent comments follow.

- FAR 6.2 provides for full and open competition after exclusion of sources. This definition does not recognize that FAR 6.3 does not involve FAR 6.1 and 6.2 procurements.
- No exclusion of responsible sources under a sole source action.
- Supposedly defines "other than full and open competition" but includes the policy on full and open competition.
- Disagree with first sentence.
- Agree if first sentence is deleted.

Many respondents took umbrage with the first sentence of the synthesized definition. Their disagreement stems from the many "holes" in this sentence. For example, FAR provides for full and open competition after exclusion of sources, some or all of which may be responsible. Alternately, FAR 6.302-1 provides for other than full and open competition with the only responsible source (16: 6-3). In this case, no responsible sources are excluded. Based on the respondents' comments, the synthesized definition appears to be unworkable in spite of the high consensus rate achieved. The final proposed definition, which incorporates significant changes in order to address the respondents' comments, is shown below.

### Other than Full and Open Competition

The condition that exists when a contract is contemplated or awarded on a basis other than that of (1) full and open competition, or (2) full and open competition after exclusion of sources. Contracting with the only responsible source is an example of use of other than full and open competition as the basis for award. FAR 6.302 contains the seven statutory authorities for use of other than full and open competition.

Synonym: none

Antonym: full and open competition

### Pre-Award

All activities and efforts performed that directly relate to the award of a contract and occur prior to the award of said contract are preaward. Examples are acquisition planning, solicitation preparation, and proposal evaluation.

Synonym: none

Antonym: post-award

The survey responses yielded the following results:

Strongly Agree	24	Strongly Disagree	0
Agree	46	No Mark	1
Undecided	2	Total	78
Disagree	5	Percent of Agreement	91%

Respondent comments follow:

- Be specific or define as by government or contractor.
- There are only government activities listed.

These comments are considered valid and are addressed in the development of the final proposed definition. Other comments indicated that additional activities should be added to the list of examples. However, it is the authors' opinion that these additional examples would only add to the length, but not the quality, of the

definition. Therefore, only the contractor-related activities of proposal preparation and submission are added. The final proposed definition is shown below.

#### Pre-Award

All activities and efforts, performed by either the government or contractor, that directly relate to the award of a contract and occur prior to the award of said contract are preaward. Examples are acquisition planning, solicitation preparation, proposal preparation and submission, and proposal evaluation.

Synonym: none

Antonym: post-award

#### Profit Analysis

The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective. The weighted guidelines method is the structured approach used within DoD. Profit analysis is appropriate only when price negotiation is based on cost analysis.

Synonym: weighted guidelines (WGL)

Antonym: none

The survey responses yielded the following results:

Strongly Agree	19	Strongly Disagree	0
Agree	52	No Mark	1
Undecided	5	Total	82
Disagree	5	Percent of Agreement	87.65%

Although this definition achieved a high level of consensus, there were a few respondents who disagreed with the proposed definition. They offered the following comments:



- Profit analysis may be appropriate and often should [be accomplished] regardless of cost analysis.
- Change title to "Profit/Fee Analysis" or split definition into two: one for profit and one for fee.

Other comments suggested enumeration of additional evaluation factors within the body of the definition. Given that profit analysis is not a consideration when price analysis (as opposed to cost analysis) is performed, the first comment does not lead to an enhancement of the proposed definition. The second comment is based in semantics. However, accommodation of this comment may lend clarity to the definition. Therefore, the final proposed definition is presented under the title of "Profit/Fee Analysis". In regard to the suggestions to include additional evaluation factors, it is noted that it was the writers' intention to identify the most prominent factors rather than include an exhaustive list. Therefore, no additional evaluation factors will be incorporated into the final proposed definition, which follows.

#### Profit/Fee Analysis

The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective. The weighted guidelines method is the structured approach used within DoD. Profit analysis is appropriate only when price negotiation is based on cost analysis.

Synonym: weighted guidelines (WGL)

Antonym: none

#### Prompt Payment Discount

A percentage reduction of the invoice amount offered for the early payment of cash as a means of encouraging payment before the expiration of the credit period. For example, if a contract or purchase order includes credit terms of 2/10, n/30, a prompt payment discount of 2% of the invoice amount may be taken if payment is made within 10 days of the invoice date.

Synonym: cash discount

Antonym: none

The survey responses yielded the following results:

Strongly Agree	25	Strongly Disagree	0
Agree	45	No Mark	1
Undecided	5	Total	82
Disagree	6	Percent of Agreement	86.42%

Although several respondents offered comments on the proposed definition, their comments generally pertained not specifically to the term being defined, but rather to the operation of the Prompt Payment Clause. As such, their comments do not indicate that changes in the synthesized definition are required. One respondent suggested "interest payment" as an antonym; this suggestion is deemed apt, and will be incorporated into the final proposed definition, below.

#### Prompt Payment Discount

A percentage reduction of the invoice amount offered for the early payment of cash as a means of encouraging payment before the expiration of the credit period. For example, if a contract or purchase order includes credit terms of 2/10, n/30, a prompt payment discount of 2% of the invoice amount may be taken if payment is made within 10 days of the invoice date.

Synonym: cash discount

Antonym: interest payment

### Prospective Pricing

A pricing decision made in advance of performance, based on analysis of comparative prices, cost estimates, past costs, or combinations of such considerations. (Armed Services Pricing Manual)

Synonym: forward pricing

Antonym: none

The survey responses yielded the following results:

Strongly Agree	20	Strongly Disagree	0
Agree	46	"Don't Know Term"	2
Undecided	10	No Mark	2
Disagree	2	Total	82
		Percent of Agreement	82.5%

Only two respondents disagreed with the proposed definition of this term. Their comments were as follows:

- Recommend delete. "Forward pricing" is the most commonly used and recognized term - why add another term?
- Forward pricing is usually tied to the FPRA you listed on page 8 [of survey B].

The level of consensus, then, was lowered not by the number of respondents who disagreed with the term, but by those who were undecided about (or unfamiliar with) it. As noted previously, this may be attributable to the fact that, while this is a pricing term, few of the respondents to survey B (which included this term) listed pricing as their primary area of expertise. Since the comments offered by the respondents failed to suggest significant enhancements to the synthesized definition, it will be accepted, unchanged, as the final proposed definition, below.

### Prospective Pricing

A pricing decision made in advance of performance, based on analysis of comparative prices, cost estimates, past costs, or combinations of such considerations. (Armed Services Pricing Manual)

Synonym: forward pricing

Antonym: none

### Purchasing System

The methods, practices, procedures and policies applicable to the purchase of material and services, placement of subcontracts, and management of subcontracts from development of the requirement through completion of subcontract performance. The purchasing system includes policies and practices regarding price competition, price analysis, subcontractor evaluation, and compliance with prime contract clauses and public law.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	23	Strongly Disagree	0
Agree	50	No Mark	2
Undecided	4	Total	82
Disagree	3	Percent of Agreement	91.25%

The survey results indicated a high level of consensus around the proposed definition for this term. Only three respondents disagreed with the proposed definition. One of those commented only that the definition was "too lengthy". Another suggested including a mention of cost analysis as well as price analysis in the last sentence. This suggestion was also offered by several respondents who agreed with the proposed definition. No other significant comments were offered. Cost analysis, while not specifically mentioned in the FAR text on which the

synthesized definition is based, can reasonably be expected to constitute part of a contractor's purchasing system; it will be included in the final proposed definition, set forth below.

#### Purchasing System

The methods, practices, procedures and policies applicable to the purchase of material and services, placement of subcontracts, and management of subcontracts from development of the requirement through completion of subcontract performance. The purchasing system includes policies and practices regarding price competition, price analysis, cost analysis, subcontractor evaluation, and compliance with prime contract clauses and public law.

Synonym: none

Antonym: none

#### Rates and Factors

Dollar values or percentages (actual or estimated) which are multiplied by applicable base amounts (such as one hour of labor effort, one dollar of labor cost, one unit of computer equipment or machine usage, etc) to produce resource or cost estimates. Collectively, the set of all such dollar values or percentages used within a particular estimating system to generate a resource or cost estimate. Includes labor rates, overhead rates, cost of money rates, cost estimating ratios, etc.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	12	Strongly Disagree	0
Agree	59	No Mark	3
Undecided	6	Total	82
Disagree	2	Percent of Agreement	89.87%

Only three respondents felt it necessary to comment on this term. One of the two who disagreed with the proposed definition asked, "Necessary definition? Seems obvious". (The other respondent who disagreed gave

no reason for his disagreement.) The other two comments were concerned with wordsmithing, and were not deemed to enhance the clarity of the definition. Therefore, the synthesized definition, which follows, is accepted, unchanged, as the final proposed definition.

#### Rates and Factors

Dollar values or percentages (actual or estimated) which are multiplied by applicable base amounts (such as one hour of labor effort, one dollar of labor cost, one unit of computer equipment or machine usage, etc) to produce resource or cost estimates. Collectively, the set of all such dollar values or percentages used within a particular estimating system to generate a resource or cost estimate. Includes labor rates, overhead rates, cost of money rates, cost estimating ratios, etc.

Synonym: none

Antonym: none

#### Set-Aside

The reservation of an acquisition for participation by small business concerns, small disadvantaged business concerns, or business concerns located in an area designated as a labor surplus area by the Department of Labor. Small business set-asides may be for all or part of an acquisition. For special applications to the Department of Defense, see FAR Parts 19 and 20, and DFARS Part 219.

Synonym: none

Antonym: full and open competition

The survey responses yielded the following results:

Strongly Agree	21	Strongly Disagree	0
Agree	52	No Mark	1
Undecided	1	Total	78
Disagree	3	Percent of Agreement	95%

While consensus on this term was extremely high, two respondents disagreed with the antonym "full and open competition". They felt that this inappropriately linked this term with the Competition in Contracting Act (CICA). The authors concur with their conclusion. Accordingly, the antonym is modified in the final proposed definition, shown below.

#### Set-Aside

The reservation of an acquisition for participation by small business concerns, small disadvantaged business concerns, or business concerns located in an area designated as a labor surplus area by the Department of Labor. Small business set-asides may be for all or part of an acquisition. For special applications to the Department of Defense, see FAR Parts 19 and 20, and DFARS Part 219.

Synonym: none

Antonym: unrestricted competition

#### Small Business Concern

A concern that, when taken together with its affiliates: is independently owned and operated; is not dominant in the field of operations in which it is bidding on government contracts; and can qualify as a small business concern under the criteria and size standards established by the Small Business Administration.

Synonym: none

Antonym: large business

The survey responses yielded the following results:

Strongly Agree	22	Strongly Disagree	0
Agree	49	No Mark	1
Undecided	6	Total	78
Disagree	0	Percent of Agreement	92%

Respondent comments included:

- How qualified as a small business?

- Regarding the antonym, does "large business" include "not-for profit" (which are not considered small business as far as I know)?
- Add the words "organized for profit" - non-profits don't qualify and this point is often overlooked.
- Why is dominant in the field of operations a part of the definition? A firm could be small and dominant in an emerging business area.

The comments concerning non-profit concerns are deemed valid, and are incorporated into the final proposed definition. Delineation of the requirements for qualification as a small business, however, is of such complexity that it cannot be included in the definition without violating the goal of reasonable brevity. The synthesized definition leads any interested party to the Small Business Administration. In regard to the comment on dominance in the field of operations, it is noted that all of the published literature researched, as set forth in Chapter II, uses this term. Although the research did not turn up the rationale for exclusion of firms dominant in their fields, it can be supposed that the authors of the small business legislation did not feel that a dominant concern needed the advantages afforded a small business that is not dominant in its field. The final proposed definition, adjusted based on the foregoing analysis, is:

#### Small Business Concern

A concern organized for profit, that, when taken together with its affiliates: is independently owned and operated; is not dominant in the field of operations in which it is bidding on government contracts; and can qualify as a small business concern under the criteria and size standards established by the Small Business Administration.



Synonym: none

Antonyms: large business; non-profit concern

Small/Small Disadvantaged Business Concern

A concern that can qualify as a small business under the criteria and size standards established by the Small Business Administration, and that is at least 51% owned, unconditionally, by one or more individuals who are both socially and economically disadvantaged and who have day-to-day control of the business.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	21	Strongly Disagree	0
Agree	55	No Mark	1
Undecided	0	Total	78
Disagree	2	Percent of Agreement	97%

Respondent comments included:

- ...and who have verifiable day-to-day control of the business.
- A concern that has certified as a small business...
- Suggest adding reference to definition of disadvantaged as defined in ....
- May want to add here "as defined by SBA" (or whoever defines). Women are not considered disadvantaged by the Federal Government, but are in some states.
- But take out the word "both" from the 4th line. "Both" means "two".

The comment on verification is pertinent if the status of the business is challenged by the contracting activity or another interested party. Hence, it is added to the final proposed definition. The comment on certification is also deemed valid, and is addressed in the final

proposed definition. Additionally, the last two comments are satisfied by placing a FAR reference in the definition. As several respondents noted, the antonyms for a small business concern are also applicable to this term, since a concern must be a small business as one of the criteria for being a small disadvantaged business. Finally, as suggested by the respondent, the word "both" is deemed redundant, and is deleted from the final proposed definition, shown below.

Small/Small Disadvantaged Business Concern

A small business concern that is at least 51% owned, unconditionally, by one or more individuals who are socially and economically disadvantaged (see FAR 19.703 (a) (2)) and who have verifiable day-to-day control of the business.

Synonym: none

Antonym: large business; non-profit concern

Source Selection Authority (SSA)

The official whose primary duties are to approve the Source Selection Plan, direct the source selection, review the evaluation results of the SSEB and the comparative analysis of the SSAC, and make the source selection decision.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	19	Strongly Disagree	0
Agree	51	No Mark	1
Undecided	4	Total	78
Disagree	3	Percent of Agreement	91%

Respondent comments included:

- Restrict to "Formal" and not those of routine nature.

- May not have an SSEB and SSAC in all cases (e.g. tailored for S&T). Suggest a more generic treatment.

The authors disagree with the first comment. The person who makes the decision is the SSA regardless of whether the source selection is formal or not. The second comment is deemed valid, and the final proposed definition is amended to incorporate a generic statement in lieu of the terms SSEB and SSAC. The final proposed definition is shown below.

#### Source Selection Authority (SSA)

The official whose primary duties are to approve the Source Selection Plan, direct the source selection, review the results of the evaluation, and make the source selection decision.

Synonym: none

Antonym: none

#### Source Selection Advisory Council (SSAC)

A group of senior government personnel appointed by the Source Selection Authority (SSA) to advise the SSA on the conduct of the source selection process and to prepare for the SSA a comparative analysis of the evaluation results of the Source Selection Evaluation Board. The SSAC is a primary organization in Air Force formal source selections and an alternative organization in Air Force streamlined source selections.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	10	Strongly Disagree	0
Agree	54	No Mark	4
Undecided	10	Total	78
Disagree	0	Percent of Agreement	86%

There were numerous comments concerning the Air Force orientation of the last sentence of the synthesized definition. An additional comment suggested that the definition should emphasize the fact that the use of SSAC's is normally limited to large-dollar acquisitions and major system acquisitions.

The authors concur that the last sentence's orientation toward the Air Force is inappropriate. Consequently, that sentence is not included in the final proposed definition. It is noted that the SSAC can be an alternative organization in a streamlined source selection. However, since it is normally used, it is addressed in the final proposed definition. The final proposed definition follows:

Source Selection Advisory Council (SSAC)

A group of senior government personnel appointed by the Source Selection Authority (SSA) to advise the SSA on the conduct of the source selection process and to prepare for the SSA a comparative analysis of the evaluation results of the Source Selection Evaluation Board. The SSAC is normally used in large source selections, such as major weapon system acquisitions.

Synonym: none

Antonym: none

Source Selection Evaluation Board (SSEB)

A group of government personnel representing various functional and technical disciplines relevant to the acquisition, whose principal duties are to evaluate the offerors' proposals against approved evaluation standards and report the findings of this evaluation to the Source Selection Advisory Council.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	15	Strongly Disagree	0
Agree	57	No Mark	2
Undecided	13	Total	78
Disagree	1	Percent of Agreement	95%

Respondent comments included the following:

- Principal duties are to direct, control, and perform the evaluation of proposals and produce summary facts and findings required for the source selection process.
- Synonym: Proposal Review Panel, Proposal Selection Panel
- In the Army, report is made to the Source Selection Authority.

Although it is recognized that the principal duty of evaluating the offerors proposals implies that the SSEB will direct and control the evaluation, it is not deemed necessary to amend the synthesized definition to explicitly state this. The synonyms suggested by the respondent were not found in the research of published literature documented in Chapter II. However, the authors have heard the terms "proposal review panel" and "proposal evaluation panel" during discussions with industry. Therefore, these terms will be added as synonyms. Finally, as was pointed out, the SSEB does report to the SSA. As this is not limited to the Army, but is common across the services, the final proposed definition, shown below, is amended to incorporate this concept.

#### Source Selection Evaluation Board (SSEB)

A group of government personnel representing various functional and technical disciplines relevant to the acquisition, whose principal duties are to evaluate the offerors' proposals against approved

evaluation standards and report the findings of this evaluation to the Source Selection Advisory Council and the Source Selection Authority.

Synonyms: proposal review panel; proposal evaluation panel

Antonym: none

#### Specific Criteria

A type of evaluation criteria that represent important program characteristics. The assessment criteria, in conjunction with the evaluation standards, are applied against the specific criteria, in terms of the offeror's proposal, for evaluation purposes. Specific criteria may be subdivided for evaluation purposes. Examples of specific criteria might include technical, logistics, manufacturing, operational utility, design approach, reliability and maintainability, data management, program management, and test and evaluation.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	9	Strongly Disagree	1
Agree	59	No Mark	1
Undecided	9	Total	78
Disagree	0	Percent of Agreement	87%

The survey comments indicated that the second sentence of the synthesized definition confused some respondents. In retrospect, this is understandable. The authors relied on extensive source selection experience in the development of the synthesized definition.

Therefore, this concept was quite familiar to them. Normally, because of its complexity, the interface among the assessment criteria, the standards, and the specific criteria is the subject of extensive training prior to the start of a source selection. Deletion of the first sentence would still leave a good working definition, and would

also lessen the confusion surrounding the term. Therefore, the first sentence is deleted from the final proposed definition. It is noted that the same sentence was used in the development of the synthesized definition of the term "assessment criteria", resulting in the same confusion on the part of the respondents. The sentence was deleted from that term's final proposed definition, as well. In addition, in order to enhance the consistency between the related terms "assessment criteria" and "specific criteria", the word "type" in the first sentence is replaced by the word "category", and the singular, "criterion", is used. The proposed final definition is:

#### Specific Criteria

A category of evaluation criterion that represent important program characteristics. Specific criteria may be subdivided for evaluation purposes. Examples of specific criteria might include technical, logistics, manufacturing, operational utility, design approach, reliability and maintainability, data management, program management, and test and evaluation.

Synonym: none

Antonym: none

#### Target Fee

The fee amount initially negotiated under a cost-plus-incentive-fee (CPIF) type contract; the amount of fee the contractor will receive under the contract if total allowable costs incurred equal the initially negotiated target cost. After contract performance, target fee is adjusted, within specified limits, based on the application of the initially negotiated fee-adjustment formula (or share ratio) to the difference between target cost and total allowable incurred costs.

Synonym: none

Antonyms: fixed fee; final fee amount

The survey responses yielded the following results:

Strongly Agree	19	Strongly Disagree	1
Agree	48	No Mark	2
Undecided	6	Total	82
Disagree	6	Percent of Agreement	83.75%

The following are some of the comments offered by those respondents who disagreed with the proposed definition of this term.

- This definition assumes that the only incentive ever used is a cost incentive. Incentives can be based on performance, cost, or any combination of the two.
- What about incentives other than cost?
- Defining type of contract in lieu of target fee.
- Overlooks fixed price (FPIF) with firm and successive targets.
- What about incentives other than cost or combination cost/schedule/performance?

Another who disagreed with the proposed definition simply commented that it was "messy". A number of respondents who agreed with the proposed definition also suggested that other types of incentives be recognized, and several suggested reference to fixed price incentive (FPI) contracts be incorporated. The latter suggestion necessitates no change to the proposed definition, as the term correctly associated with FPI contracts is "target profit" (not fee). That term is separately listed in Hauf's master list, and it will be covered under a separate entry (outside the scope of this effort) (20:63). The respondents correctly point out that other there are types of incentive



other than cost, and the synthesized definition will be amended to correct this oversight. Another mentioned that "it is clearer to say 'the fee amount associated with the target cost' because a minimum fee and a maximum fee are also initially negotiated for CPIF contracts. This suggestion is valid, and will result in an adjustment to the synthesized definition. Finally, one respondent suggested replacing "based on the application of" with "through application of" in the second sentence. This suggestion is deemed to enhance the clarity of the definition, and is incorporated in the final proposed definition, shown below.

#### Target Fee

The fee amount associated with target cost which is initially negotiated under a cost-plus-incentive-fee (CPIF) type contract; the amount of fee the contractor will receive under the contract if total allowable costs/performance level/schedule incurred equal the initially negotiated target cost/performance level/schedule. After contract performance, target fee is adjusted, within specified limits, through application of the initially negotiated fee-adjustment formula (or share ratio) to the difference between target cost and total allowable incurred costs.

Synonym: none

Antonyms: fixed fee; final fee amount

#### Teaming Agreement

- (1) An arrangement in which
  - (a) two or more companies form a partnership or joint venture to act as a potential prime contractor; or
  - (b) a potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program; or
  - (c) an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-liscenser, or leader company relationship.

(2) The written documentation of such an arrangement.

Synonym: teaming arrangement

Antonym: none

The survey responses yielded the following results:

Strongly Agree	14	Strongly Disagree	2
Agree	54	"Don't Know Term"	1
Undecided	3	No Mark	5
Disagree	3	Total	82
		Percent of Agreement	88.31%

It is interesting to note that all five respondents who disagreed with the proposed definition for this term listed their present place of employment as a commercial contracting activity. All of them objected to part 1(a) of the definition, identifying a teaming agreement as a partnership or joint venture. Interestingly, that portion of the definition was taken directly from FAR 9.601 (16:9-22). Although all those who disagreed were "contractor types", this seems to be an anomaly rather than an indication of a Government/commercial split, because the majority of respondents who cited their present place of employment as a commercial contracting activity agreed with the proposed definition, as did all Government respondents. No other salient comments were offered. Therefore, the synthesized definition, as shown below, becomes the final proposed definition for this term.

#### Teaming Agreement

- (1) An arrangement in which
  - (a) two or more companies form a partnership or joint venture to act as a potential prime contractor; or
  - (b) a potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program; or

(c) an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licenser, or leader company relationship.

(2) The written documentation of such an arrangement.

Synonym: teaming arrangement

Antonym: none

#### Technical Evaluation

A review and evaluation of an offeror's proposal performed by qualified personnel in support of cost or price analysis. The review and evaluation includes, but is not limited to, an assessment of the quantities and kinds of material proposed, the quantity and mix of proposed labor hours, and the proposed special tooling, special test equipment, facilities, and Government Furnished Property (GFP).

Synonym: technical analysis

Antonym: none

The survey responses yielded the following results:

Strongly Agree	13	Strongly Disagree	1
Agree	46	No Mark	3
Undecided	10	Total	78
Disagree	5	Percent of Agreement	79%

Respondent comments follow:

- Sometimes, the tech eval may include an assessment of technical feasibility.
- How about the offeror's technical approach?
- Technical Evaluation does more than support price analysis.
- No! not necessarily "in support of".

These are just a few of the many comments that objected to the use of the term "in support of cost or price analysis" in the synthesized definition and its limited "nuts and bolts" examples. The synthesized

definition relied on the research documented in Chapter II. This resulted in the rather limited scope of the definition. Although an acceptable agreement rate was achieved, the respondent comments indicate that a more generic definition is desired. The final proposed definition, shown below, is amended to comply with the respondents' preferences.

#### Technical Evaluation

A review and evaluation of an offeror's proposal performed by qualified personnel. The review and evaluation include, but are not limited to, an evaluation of the offeror's technical approach against the requirements of the solicitation, an assessment of the quantities and kinds of material proposed, the quantity and mix of proposed labor hours, and the proposed special tooling, special test equipment, facilities, and Government Furnished Property (GFP).

Synonym: technical analysis

Antonym: none

#### Termination Contracting Officer (TCO)

A contracting officer assigned responsibility for settling a contract termination. The assigned individual may be a PCO or ACO, or a contracting officer who specializes in terminations.

Synonym: none

Antonym: none

The survey responses yielded the following results:

Strongly Agree	31	Strongly Disagree	1
Agree	44	No Mark	1
Undecided	3	Total	82
Disagree	2	Percent of Agreement	92.59%

The survey results show that this term's proposed definition achieved a high level of consensus. While respondents offered few comments or

suggestions, two of those who disagreed with the proposed definition did make the following observations.

- TCO's in some agencies also issue the contract terminations.
- Discuss duties of TCO.

Since the first comment is more a matter of agency policy than an essential element of the definition of a TCO, the authors did not consider it necessary to incorporate this information into the definition. As to the second suggestion, the literature review revealed no sources which enumerated particular duties associated with the position of a termination contracting officer; as the respondent did not list those duties, they are not available to the writers for inclusion in the definition. Although Moyle did enumerate a number of duties in developing her proposed definition of the term "administrative contracting officer", the authors note (without denigrating the responsibilities of the TCO) that an ACO function involves a considerably broader range of activities than does a TCO function (25:5-5). Thus, failure to enumerate the duties of the TCO within the proposed definition is not considered to render the definition fatally incomplete. Based on the survey results and the foregoing discussion, the synthesized definition in its unmodified state is accepted as the final proposed definition, given below.

#### Termination Contracting Officer (TCO)

A contracting officer assigned responsibility for settling a contract termination. The assigned individual may be a PCO or ACO, or a contracting officer who specializes in terminations.

Synonym: none

Antonym: none

### Unallowable Cost

Any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable. (FAR 31.001)

Synonym: none

Antonym: allowable cost

The survey responses yielded the following results:

Strongly Agree	22	Strongly Disagree	0
Agree	53	No Mark	3
Undecided	4	Total	82
Disagree	0	Percent of Agreement	94.94%

With the exception of four people who were undecided and three who failed to mark the Likert scale for this term, all the respondents agreed with the proposed definition. Possibly because the definition is taken directly from the FAR, or possibly because the respondents' endurance was flagging (this term was the last entry in survey B), very few comments were offered. Several people asserted that unallowable costs are not allocable; however, this is in direct contradiction to the FAR (FAR 31.001) (16:31-3). Lacking additional salient comments, and given the high level of consensus indicated by the survey results, the synthesized definition is accepted as written for this term's final proposed definition, below.

### Unallowable Cost

Any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable. (FAR 31.001)

Synonym: none

Antonym: allowable cost

### Summary

This chapter has presented the quantitative results of the mail survey, as well as qualitative results in the form of comments and suggestions offered by survey respondents. A detailed analysis of the survey results for each term followed. Based on this analysis, the synthesized definitions developed as a result of the literature review described in Chapter II were either amended or accepted as originally written in order to arrive at final proposed definitions. Appendix E contains an alphabetized listing of the final proposed definitions. The terms which, based on the survey results and the analysis thereof, require additional research are set out separately in Chapter V.

## V. Conclusions and Recommendations

### Summary

The goal of this research effort, as described in Chapter I, has been to develop consensus definitions for fifty-one (51) contracting terms. This was accomplished by developing a synthesized definition for each term based on a review of the available published literature. The development of these literature-based definitions was detailed in Chapter II. In order to ascertain how well the synthesized definitions corresponded to the everyday usage of the terms by contracting professionals in the workplace, it was necessary to subject the synthesized definitions to expert scrutiny via a survey distributed to individuals randomly selected from the ranks of Certified Professional Contracts Managers (CPCM's), a group of recognized contracting professionals. The methodology associated with the selection of the survey population, the development and administration of the survey instrument, and the establishment of decision rules for the analysis of survey responses is set forth in Chapter III. The survey results, both quantitative and qualitative, for each term were given in Chapter IV. In addition, that chapter presented an analysis of the results, indicating whether and how each synthesized definition should be amended based on the respondents' input. The result of this analysis was a set of forty-eight (48) consensus definitions, which are shown in



Appendix E. In addition, as indicated by the survey results, three terms are recommended for further study in a later thesis effort.

#### Specific Recommendations

The three terms which are recommended for further study are "commercial off-the-shelf", "engineering estimate", and "'grass roots' estimate". Each of these is discussed in turn.

Commercial off-the-shelf. As described in Chapter IV, the survey responses resulted in an agreement rate of 79%, which exceeds the minimum rate of 67% necessary to declare that consensus exists, as defined in Chapter III. However, the respondents' comments indicated that the concepts included in the synthesized definition, based on a review of the applicable literature, caused a fair amount of confusion. Consequently, it is recommended that this term be deleted from Hauf's master list, and replaced with the related terms "commercial product", and "commercial-type product", to be addressed in a later thesis effort.

Engineering Estimate. Although this term is used frequently, and casually, among those associated with the contracting field, a review of the published literature, as detailed in Chapter II, revealed no satisfactory definitions. Two sources did, however, link this term with "'grass roots' estimate". Since the literature review turned up more definitions for that term, the researchers elected to treat the two terms as synonyms, with the definition being provided for the

latter based on the fact that it was already defined by several sources. Thus, the fate of this term was linked with that of "'grass roots' estimate". Since the survey results showed a serious lack of consensus surrounding that term, necessitating that it be recommended for further research as a controversial term, "engineering estimate" must also be re-examined.

'Grass Roots' Estimate. As indicated above, both the quantitative and qualitative aspects of the survey responses indicated that this is a controversial term. The agreement rate associated with this term was only 53%, much lower than the 67% established as a decision rule in Chapter III. This quantitative division between approval and disapproval of the synthesized definition was echoed in the respondents' comments, a number of which are listed in Chapter IV. The response to this term seems to have been complicated by two separate issues. First, the respondents were divided as to whether this was a valid contracting term or slang inappropriate for inclusion in a dictionary. Second, a number of respondents annotated their surveys to indicate that they were unfamiliar with the term. Based on the disagreement among the respondents as to whether "'grass roots' estimate" is a valid contracting term, it is recommended that the term be subjected to further research as a controversial term. In addition, since the survey results show that significant numbers of people are so unfamiliar with the term as to be unable to render an opinion on a proposed definition of the term, it is recommended that additional

surveys be directed to those who have a working knowledge of the term. Since the term has a pricing orientation, it may be appropriate to seek additional input from that subset of contracting professionals who claim audit, accounting, or pricing as their primary areas of expertise.

#### General Recommendations

Survey Recipients. The CPCM's, as a group, proved to be knowledgeable, interested in the dictionary project, and willing to offer their assistance. However, the utility of this group as a survey population was diminished by the high number of incorrect addresses provided on the NQMA mailing list, as well as numerous long-retired or deceased people on the CPCM rolls. The authors have provided feedback to the NQMA regarding this problem. However, it might be fruitful for future researchers to seek out a more current subset of the CPCM population, such as those who are current members of NQMA, in order to increase the potential for usable survey responses.

Likert Scale. The use of a Likert Scale in the survey instruments provided the respondents with a convenient shorthand for conveying the level of their concurrence with the synthesized definitions, and facilitated the researchers' interpretation of the survey results, as well. However, it is recommended that future researchers augment the Likert Scale shown in Appendix D with a category which would enable the respondent to indicate that he is unfamiliar with the term in question.

In addition, the associated decision rules should specify that those who are unfamiliar with a term are excluded from calculations determining the level of consensus associated with that term. During the course of this research effort, it became apparent that respondents often selected "uncertain" on the Likert scale when they were unfamiliar with a particular term, since no more appropriate option on the scale was offered. If such an option were offered, it would provide the ability to differentiate between real ambivalence about a definition from simple lack of familiarity. This, in turn, might enhance the associated analysis of responses and the quality of conclusions drawn therefrom.

### Conclusions

This research was begun with the intention of enhancing the contracting body of knowledge, and so improving the possibility of effective communication, which is fundamental to the contracting profession. During the conduct of this research effort, the value of both the continuing effort of which this is a part, and the end product of a dictionary of critical contracting terms in which the project will culminate, became clear. Although definitions of many of the terms addressed in this thesis can be found in the published literature, there is no single source which defines them all. Moreover, a rigorous search of the literature was unable to turn up any definition for several of the terms. Finally, comments made by survey respondents showed that they were unaware (as were the researchers, prior to this

effort) that no such comprehensive source exists. For example, several respondents recommended that the synthesized definitions include a FAR cite. They apparently did not realize that many of the terms addressed herein are not defined in the FAR. A dictionary of contracting terms, using Hauf's master list as its core terms, will provide a service to and fill a void within the contracting community.

Appendix A: Survey Cover Letters

Survey A

AFIT/LSP (Dr. Pursch)

Participation in Graduate Thesis Research

Dear Certified Professional Contracting Manager:

Under the sponsorship of the National Contract Management Association (NCMA), graduate students at the Air Force Institute of Technology (AFIT) and the Naval Postgraduate School (NPS) are attempting to compile a dictionary of contracting terms to be used to enhance effective communication within the contracting profession. Working definitions of critical terms have been developed based on a review of current contracting literature. However, actual usage of each term within the environment of the workplace cannot be determined through such a review. Therefore, a survey of contracting professionals is being undertaken in order to ascertain the degree to which literature-based definitions correspond with actual usage.

The enclosed survey is being distributed to a randomly selected group of CPMs. You are being asked to respond by giving your expert opinion concerning the accuracy and completeness of selected literature-based definitions. Because the survey is being sent to a relatively small number of experts, it is important that each recipient complete and return it. Your participation is greatly encouraged.

Your responses to this survey will remain confidential. Each questionnaire has been assigned an identification number for mailing purposes. This will enable your name to be checked off when your questionnaire is returned. However, your name will not be associated with your responses.

For your convenience in returning the completed survey, a stamped, pre-addressed envelope is enclosed. Should you have any questions about the purpose or completion of the survey, please feel free to call Mr. Michael Cushing at (513)436-0462.

Thank you for your assistance. Remember - your participation is important!

Sincerely,

WILLIAM C. PURSCH, Ph.D.  
Professor, Contracting Management  
School of Systems and Logistics

2 Atch  
1. Questionnaire  
2. Envelope

Survey B

AFIT/LSP (Dr. Pursch)

Participation in Graduate Thesis Research

Dear Certified Professional Contracting Manager:

Under the sponsorship of the National Contract Management Association (NCMA), graduate students at the Air Force Institute of Technology (AFIT) and the Naval Postgraduate School (NPS) are attempting to compile a dictionary of contracting terms to be used to enhance effective communication within the contracting profession. Working definitions of critical terms have been developed based on a review of current contracting literature. However, actual usage of each term within the environment of the workplace cannot be determined through such a review. Therefore, a survey of contracting professionals is being undertaken in order to ascertain the degree to which literature-based definitions correspond with actual usage.

The enclosed survey is being distributed to a randomly selected group of CPQMs. You are being asked to respond by giving your expert opinion concerning the accuracy and completeness of selected literature-based definitions. Because the survey is being sent to a relatively small number of experts, it is important that each recipient complete and return it. Your participation is greatly encouraged.

Your responses to this survey will remain confidential. Each questionnaire has been assigned an identification number for mailing purposes. This will enable your name to be checked off when your questionnaire is returned. However, your name will not be associated with your responses.

For your convenience in returning the completed survey, a stamped, pre-addressed envelope is enclosed. Should you have any questions about the purpose or completion of the survey, please feel free to call Ms. Becky Spalding at (513)294-4997.

Thank you for your assistance. Remember - your participation is important!

Sincerely,

WILLIAM C. PURSCH, Ph.D.  
Professor, Contracting Management  
School of Systems and Logistics

2 Atch  
1. Questionnaire  
2. Envelope

Appendix B: Follow-up Postcard

Survey A

Dear Certified Professional Contracts Manager:

Recently a questionnaire on contracting term definitions was mailed to you. If you have already completed and returned the questionnaire, please accept my thanks.

If you have not returned the questionnaire, please fill it out and send it back today. The survey has been sent to only a small sample of CPCM's. Your response is important if the results of the survey are to accurately represent the opinions of this authoritative body of experts.

If you did not receive the questionnaire, or have misplaced it, please call me, collect, at (513)294-4997, and I will send you another copy.

Sincerely,

Becky Spalding  
AFIT Graduate Student

Survey B

Dear Certified Professional Contracts Manager:

Recently a questionnaire on contracting term definitions was mailed to you. If you have already completed and returned the questionnaire, please accept my thanks.

If you have not returned the questionnaire, please fill it out and send it back today. The survey has been sent to only a small sample of CPCM's. Your response is important if the results of the survey are to accurately represent the opinions of this authoritative body of experts.

If you did not receive the questionnaire, or have misplaced it, please call me, collect, at (513)436-0462, and I will send you another copy.

Sincerely,

Mike Cushing  
AFIT Graduate Student



Appendix C: Follow-up Survey Letters

Survey A

AFIT/LSP (Dr. Pursch)

Participation in Graduate Thesis Research

Dear Certified Professional Contracting Manager:

About four weeks ago, you were sent a questionnaire concerning the definitions of contract terms. To date, your completed questionnaire has not been received.

The results of the survey will be used to establish consensus definitions of the contracting terms it addresses. To this end, you, as a recognized expert in the contracting field, have been requested to give your input. Since the survey has been sent to only a small sample of CPOMs, each response is important. Although comments are helpful, if your time is limited, marking the rating scale associated with each definition would suffice.

In the event that your questionnaire has been misplaced, a replacement, along with a stamped, pre-addressed reply envelope, is enclosed.

Your time and assistance are greatly appreciated.

Sincerely,

WILLIAM C. PURSCH, Ph.D.  
Professor, Contracting Management  
School of Systems and Logistics

3 Atch  
1. Cy Ltr, 28 Feb 92  
2. Questionnaire  
3. Envelope

Survey B

AFIT/LSP (Dr. Pursch)

Participation in Graduate Thesis Research

Dear Certified Professional Contracting Manager:

About four weeks ago, you were sent a questionnaire concerning the definitions of contract terms. To date, your completed questionnaire has not been received.

The results of the survey will be used to establish consensus definitions of the contracting terms it addresses. To this end, you, as a recognized expert in the contracting field, have been requested to give your input. Since the survey has been sent to only a small sample of CPMs, each response is important. Although comments are helpful, if your time is limited, marking the rating scale associated with each definition would suffice.

In the event that your questionnaire has been misplaced, a replacement, along with a stamped, pre-addressed reply envelope, is enclosed.

Your time and assistance are greatly appreciated.

Sincerely,

WILLIAM C. PURSCH, Ph.D.  
Professor, Contracting Management  
School of Systems and Logistics

3 Atch  
1. Cy Ltr, 28 Feb 92  
2. Questionnaire  
3. Envelope

Appendix D: Survey Questionnaires

Survey A

INSTRUCTIONS FOR COMPLETING THIS QUESTIONNAIRE

This questionnaire contains proposed definitions of 26 contracting terms. The purpose of this questionnaire is to survey contracting professionals to ascertain the level of their concurrence with the proposed definitions.

To complete this questionnaire, please:

1. Circle the rating that best describes your level of agreement with the proposed definition; and
2. Provide any additional comments/suggestions you have regarding the proposed definition, as well as any synonyms or antonyms.

PLEASE SUBMIT YOUR RESPONSES BY 14 MAR 1992

Your assistance is appreciated.

Michael Cushing  
AFIT/LSG  
Wright-Patterson AFB, OH 45433-6583

## BACKGROUND INFORMATION

1. Where are you presently employed?

- A. Government contracting activity
- B. Commercial contracting activity
- C. Academic institution
- D. Other

2. What is the primary activity of your current job position?

- A. Contracting/acquisition
- B. Manufacturing/production
- C. Accounting/audit
- D. Pricing
- E. Engineering
- F. Research
- G. Legal
- H. Other

3. What is your primary area of expertise?

- A. Contracting/acquisition
- B. Manufacturing/production
- C. Accounting/audit
- D. Pricing
- E. Engineering
- F. Research
- G. Legal
- H. Other

4. How many years of experience do you have in your area of expertise?

- A. 5 years or less
- B. 6-10 years
- C. 11-15 years
- D. 16-20 years
- E. 20+ years

Affirmative Action

A contractor's program, required by federal statutes and regulations, that ensures equal opportunity in employment to minorities and women.

Synonym: equal opportunity programs

Antonym: discriminatory hiring policies

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

Anti-trust Law

Federal and state statutes enacted to protect trade and commerce from the anticompetitive practices of unlawful restraints, price discrimination, price fixing, and monopolies by trusts, cartels, or business monopolies. For examples of practices that constitute violations of anti-trust laws, see FAR 3.301.

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

## Assessment Criteria

### (1) (For other than science and technology)

A type of evaluation criteria that relates to the offeror's proposal and abilities. Assessment criteria, in conjunction with the evaluation standards, are applied against the offeror's proposal in terms of the specific criteria for evaluation purposes. Typical assessment criteria are soundness of approach, understanding the requirements, and compliance with the requirements.

Synonym: None

Antonym: None

### (2) (For science and technology)

A type of evaluation criteria that relates to the offeror's proposal and abilities, and, in the absence of evaluation standards, are used to determine proposal acceptability and technical merit. Typical assessment criteria are understanding the problem, soundness of approach, compliance with requirements, novel approach, availability of necessary equipment and facilities, management capability, and experience and qualifications.

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Award Fee

The portion of fee or profit on a contract with award-fee provisions that may be earned in whole or in part on the basis of a contractor's performance in accordance with criteria set forth in the contract. The Government's evaluation of the amount of fee to be paid under the award fee provisions is judgemental and is not subject to the "Disputes" provision of the contract.

Synonym: None

Antonym: fixed fee

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Bid Protest

A written objection by an interested party to an agency's Invitation for Bids (IFB) for a proposed contract for the acquisition of supplies or services, or a written objection by an interested party to a proposed award or the award of such a contract (FAR 33-1 GET FAR CITE).

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Buy American Act

Federal Policy stating that materials, supplies, or articles acquired for public use shall be substantially constituted from domestically mined or manufactured materials; products are considered of domestic origin if at least fifty-one percent of the components in them are mined or manufactured in the United States.

Synonym: None

Antonym: free trade

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Commercial off-the-Shelf

Existing items (either supplies or services) that are sold or traded to the general public in the course of normal business operations at prices based on catalog or market prices, and at most require minor modifications to meet the requirements of the procuring agency.

Synonym: non-development items

Antonym: development items

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:



### Competitive Negotiation

A negotiated procurement that: (1) is initiated by a request for proposals which states the Government's requirements and the criteria for evaluation of offerors' proposals; (2) contemplates the submission of timely proposals by the maximum number of possible offerors through the use of the competitive procedures set forth in FAR Part 6; (3) usually provides discussions with those offerors found to be within the competitive range; and (4) concludes with the award of a contract(s) to the offeror(s) whose proposal(s) is determined to be most advantageous to the government after consideration of the evaluation criteria set forth in the request for proposal.

Synonym: None

Antonym: sole source negotiations

Do you agree with this definition?

Strongly Disagree      Disagree      Undecided      Agree      Strongly Agree

Comments:

### Cost Criterion

A mandatory evaluation criterion that states the basis for the evaluation of the offeror's proposal for purposes of award in terms of cost or price. Examples of cost criteria are acquisition cost/price and Most-Probable-Life-Cycle-Cost (MPLCC).

Synonyms: cost factor, cost area

Antonym: None

Do you agree with this definition?

Strongly Disagree      Disagree      Undecided      Agree      Strongly Agree

Comments:

### Cost Growth

The net increase of an estimated or actual amount in a baseline figure that has previously been established.

Synonyms: cost overrun, cost escalation

Antonym: cost underrun

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Cost Performance Reports

A contract data item that reports progress to date, deviations from schedules, and planned costs. This report facilitates the timely identification of problems and assists the Government program manager in his/her decision making process. It also contains information on contractor management actions that are being taken to correct existing problems.

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Data Item Description (DID)

The specification for a contracts data requirements list (CDRL) item. Information set forth in the DID includes, but is not limited to, the title, identification number, the description and purpose of the data item, approval date of the DID, the office of primary responsibility, and detailed preparation instructions for the data item.

Synonyms: None:

Antonyms: None:

Do you agree with this definition?

\_\_\_\_\_

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
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Comments:

### Debriefing

A briefing provided to the unsuccessful offeror(s) when a contract has been awarded on the basis of other than price alone. An unsuccessful offeror must request this briefing in writing, whereupon it must be furnished as soon as possible. The briefing must provide the basis for the selection and award, and must also contain the strong and weak points of the unsuccessful offeror's proposal in relation to the requirements of the solicitation. See FAR 15.1003 for the details of what cannot be revealed in the briefing.

Synonym: None

Antonym: None

Do you agree with this definition?

\_\_\_\_\_

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
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Comments:

### Evaluation Criteria for Source Selection

The basis for evaluating each offeror's capability, as evidenced in its proposal, to meet the Government's requirements as stated in the solicitation. The evaluation criteria must be clearly stated in the solicitation. Evaluation criteria are composed of assessment criteria, cost (price) criterion, and specific criteria.

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Labor Surplus Area

A geographic area identified by the Department of Labor in accordance with 20 CFR 654 as an area of concentrated unemployment or underemployment, or an area of labor surplus (FAR CITE??)

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Labor Surplus Area Concern

A concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price. (FAR 20-1 CITE???)

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Other than Full and Open Competition

The condition that exists when all of the responsible sources are not permitted to compete for the award of a contract. It is Government policy that contracting officers shall promote and provide for full and open competition when they are soliciting proposals and awarding contracts. Statutory authorities allowing other than full and open competition are found in FAR 6.302.

Synonyms: sole source acquisitions, restricted competitions

Antonym: full and open competition

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Pre-Award

All activities and efforts performed that directly relate to the award of a contract and occur prior to the award of said contract are preaward. Examples are acquisition planning, solicitation preparation, and proposal evaluation.

Synonym: None

Antonym: post-award

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Set-Aside

The reservation of an acquisition for participation by small business concerns, small disadvantaged business concerns, or business concerns located in an area designated as a labor surplus area by the Department of Labor. Small business set-asides may be for all or part of an acquisition. For special applications to the Department of Defense, see FAR Parts 19 and 20, and DFARS Part 219.

Synonym: None

Antonym: full and open competition

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Specific Criteria

A type of evaluation criteria that represent important program characteristics. The assessment criteria, in conjunction with the evaluation standards, are applied against the specific criteria, in terms of the offeror's proposal, for evaluation purposes. Specific criteria may be subdivided for evaluation purposes. Examples of specific criteria might include technical, logistics, manufacturing, operational utility, design approach, reliability and maintainability, data management, program management, and test and evaluation.

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Small Business Concern

A concern that, when taken together with its affiliates: is independently owned and operated; is not dominant in the field of operations in which it is bidding on government contracts; and can qualify as a small business concern under the criteria and size standards established by the Small Business Administration.

Synonym: None

Antonym: large business

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Small Disadvantaged Business Concern

A concern that can qualify as a small business under the criteria and size standards established by the Small Business Administration, and that is at least 51% owned, unconditionally, by one or more individuals who are both socially and economically disadvantaged and who have day-to-day control of the business.

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Source Selection Authority (SSA)

The official whose primary duties are to approve the Source Selection Plan, direct the source selection, review the evaluation results of the SSEB and the comparative analysis of the SSAC, and make the source selection decision.

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:



Source Selection Advisory Council (SSAC)

A group of senior government personnel appointed by the Source Selection Authority (SSA) to advise the SSA on the conduct of the source selection process and to prepare for the SSA a comparative analysis of the evaluation results of the Source Selection Evaluation Board. The SSAC is a primary organization in Air Force formal source selections and an alternative organization in Air Force streamlined source selections.

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

Source Selection Evaluation Board (SSEB)

A group of government personnel representing various functional and technical disciplines relevant to the acquisition, whose principal duties are to evaluate the offerors' proposals against approved evaluation standards and report the findings of this evaluation to the Source Selection Advisory Council.

Synonym: None

Antonym: None

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Technical Evaluation

A review and evaluation of an offeror's proposal performed by qualified personnel in support of cost or price analysis. The review and evaluation includes, but is not limited to, an assessment of the quantities and kinds of material proposed, the quantity and mix of proposed labor hours, and the proposed special tooling, special test equipment, facilities, and Government Furnished Property (GFP).

Synonym: technical analysis

Antonym: None

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

Survey B

INSTRUCTIONS FOR COMPLETING THIS QUESTIONNAIRE

This questionnaire contains proposed definitions of 25 contracting terms. The purpose of this questionnaire is to survey contracting professionals to ascertain the level of their concurrence with the proposed definitions.

To complete this questionnaire, please:

1. Circle the rating that best describes your level of agreement with the proposed definition; and
2. Provide any additional comments/suggestions you have regarding the proposed definition, as well as any synonyms or antonyms.

PLEASE SUBMIT YOUR RESPONSES BY 14 MAR 1992

Your assistance is appreciated.

Becky Spalding  
AFIT/LSG  
Wright-Patterson AFB, OH 45433-6583

## BACKGROUND INFORMATION

1. Where are you presently employed?
  - A. Government contracting activity
  - B. Commercial contracting activity
  - C. Academic institution
  - D. Other
2. What is the primary activity of your current job position?
  - A. Contracting/acquisition
  - B. Manufacturing/production
  - C. Accounting/audit
  - D. Pricing
  - E. Engineering
  - F. Research
  - G. Legal
  - H. Other
3. What is your primary area of expertise?
  - A. Contracting/acquisition
  - B. Manufacturing/production
  - C. Accounting/audit
  - D. Pricing
  - E. Engineering
  - F. Research
  - G. Legal
  - H. Other
4. How many years of experience do you have in your area of expertise?
  - A. 5 years or less
  - B. 6-10 years
  - C. 11-15 years
  - D. 16-20 years
  - E. 20+ years

### Certificate of Current Cost or Pricing Data

A certificate which states that the cost or pricing data submitted to the Government as required by FAR 15.804-2 are accurate, complete, and current as of the date the contractor and the Government agreed on a price. This certificate must be submitted prior to award of the contract to which it pertains.

Synonym: certificate

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Contract, Fixed Price

Any of a class of contract types, including firm-fixed-price (FFP), fixed-price-with-escalation, fixed-price-redeterminable, and fixed-price-incentive (FPI), the common characteristic of which is a price ceiling. The contract may provide for a firm price, or one which is adjustable, based on contract clauses relative to contract changes, economic price adjustment, etc.

Synonym: none

Antonym: cost type contract, cost reimbursement contract

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Competition in Contracting Act

Division B, Title VII, of the Deficit Reduction Act of 1984 (Public Law 98-369), CICA is applicable to solicitations issued after 31 Mar 85. It enacted sweeping amendments to the Armed Services Procurement Act (ASPA) and the Federal Property and Administrative Services Act (FPASA), and includes amendments to the Office of Federal Procurement Policy (OFPP) Act and the Budget and Accounting Act. Changes include:

- requirement to provide for full and open competition by soliciting sealed bids or requesting competitive proposals, or use other competitive procedures, unless a statutory exception permits other than full and open competition;
- new justification, approval, and notice requirements for contracts employing other than full and open competition;
- requirement for the appointment of competition advocates and enumeration of their responsibilities;
- amendment to Budget and Accounting Act to codify and strengthen current GAO bid protest procedures; and
- amendment to FPASA to provide a new authority to resolve protests involving procurement of ADP equipment under Public Law 89-306.

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

Contract, Cost Reimbursement (CR)

- (1) A type of contract which provides for payment to the contractor of allowable costs incurred in the performance of the contract, to the extent prescribed in the contract, but which includes no provisions for payment of a fee.

Synonym: cost contract

Antonym: fixed-price contract

- (2) Any of a class of contract types, including cost reimbursement (CR), cost-plus-fixed-fee (CPFF), cost-plus-incentive-fee (CPIF), and cost-plus-award-fee (CPAF), which provides for payment to the contractor of allowable, allocable, and reasonable costs incurred in the performance of a contract, to the extent that such costs are prescribed or permitted by the contract. Under these contracts, an estimate of total cost is developed for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without approval of the buyer.

Synonym: cost type contract

Antonym: fixed price type contract

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

Contract, Indefinite Quantity (IO)

A type of contract which provides for an indefinite quantity, within stated limits, of specific supplies or services to be furnished during a fixed period, with deliveries to be scheduled by placing orders with the contractor. (FAR 16.504(a))

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

Cost Accounting Standards (CAS)

Principles, applicable to the compilation and analysis of costs of selling and manufacturing products, including methods for classifying, summarizing, recording, reporting, and allocating costs, established by the Cost Accounting Standards Board for the purpose of achieving uniformity and consistency in the treatment of costs by defense contractors and subcontractors. See FAR Part 30 for an enumeration of cost accounting standards.

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:



### Cost Estimating Relationship (CER)

A mathematical expression relating cost as the dependent variable to one or more independent, cost-driving variables. The relationship may be cost-to-cost, such as using manufacturing costs to estimate quality assurance costs. The relationship may also be cost-to-noncost, such as estimating manufacturing costs based on the weight associated with the hardware change being estimated.

Synonyms: parametrics; pricing factors; estimating factors

Antonyms: direct estimates; engineering estimates

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Economic Price Adjustment (EPA) Clause

A clause which provides for upward and downward revision of the stated contract price of a fixed-price contract upon the occurrence of specified contingencies. An economic price adjustment clause can base price adjustment on established prices, actual costs of labor or material, or indexes of labor or material.

Synonym: escalation clause

Antonym: none

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Engineering Estimate

This term is considered to be used synonymously with "grass roots' estimate". See the definition of that term on page 9.

Comments:

### Estimate at Completion (EAC)

The current forecast of what the final cost of an effort will be. It consists of actual costs to date plus the estimate of the balance through completion of the effort.

Synonym: none

Antonym: actuals

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Estimate to Complete (ETC)

Those necessary and reasonable costs that in the estimator's judgement are expected to be incurred in completing the remaining work to be performed under the contract with respect to the item(s) to which the estimate relates.

Synonym: none

Antonym: actuals

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Expense Pool

A grouping of incurred costs identified with two or more objectives but not identified specifically with any final cost objective. (FAR 30.301)

Synonym: indirect cost pool

Antonym: none

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### Forward Pricing Rate Agreement (FPRA)

A written agreement negotiated between a contractor and the Government to make certain rates available during a specified period for use in pricing contracts or modifications. Such rates represent reasonable projections of specific costs that are not easily estimated for, identified with, or generated by a specific contract, contract end item, or task. These projections may include rates for labor, indirect costs, material obsolescence and usage, spare parts provisioning, and material handling. (FAR 15.801)

Synonym: forward pricing arrangement

Antonym: forward pricing rate recommendation (FPRR)

Do you agree with this definition?

Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

Comments:

### "Grass Roots" estimate

A top-level estimate developed by collecting and combining estimates from functional organizations within a company or agency for a specific statement of work or task. An airframe grass roots estimate, for example, would be costed at the manufacturing, engineering, quality control, tooling, and material levels. Usually developed by a combination of many estimating methods and techniques, including manloading, engineering standards, and actual cost data. The underlying assumption of the grass roots methodology is that future costs for a system can be accurately predicted based on historical costs of that system.

Synonyms: engineering estimate, engineering build-up, detailed estimate

Antonyms: direct estimate, ROM (rough order of magnitude) estimate

Do you agree with this definition?

Strongly Disagree      Disagree      Undecided      Agree      Strongly Agree

Comments:

### Incurred Cost

A cost identified through the accrued method of accounting and reporting, or otherwise actually paid. Cost of direct labor, direct materials, and direct services identified with and necessary for the performance of a contract, and all properly allocated and allowable indirect costs as shown by the books of the contractor. (Armed Services Pricing Manual)

Synonyms: cost incurred, actuals

Antonym: estimated costs

Do you agree with this definition?

Strongly Disagree      Disagree      Undecided      Agree      Strongly Agree

Comments:

### Independent Research and Development (IR&D)

Company-funded, engineering direct activities which are neither sponsored by a grant, nor required in performing a contract, and which involve inquiry, examination, investigation, and experimentation which fall within any of the following four areas: (a) basic research, (b) applied research, (c) development, and (d) systems and other concept formulation studies.

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Profit Analysis

The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective. The weighted guidelines method is the structured approach used within DoD. Profit analysis is appropriate only when price negotiation is based on cost analysis.

Synonym: weighted guidelines, WGL

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Prompt Payment Discount

A percentage reduction of the invoice amount offered for the early payment of cash as a means of encouraging payment before the expiration of the credit period. For example, if a contract or purchase order includes credit terms of 2/10, n/30, a prompt payment discount of 2% of the invoice amount may be taken if payment is made within 10 days of the invoice date.

Synonym: cash discount

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Prospective Pricing

A pricing decision made in advance of performance, based on analysis of comparative prices, cost estimates, past costs, or combinations of such considerations. (Armed Services Pricing Manual)

Synonym: forward pricing

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Purchasing System

The methods, practices, procedures and policies applicable to the purchase of material and services, placement of subcontracts, and management of subcontracts from development of the requirement through completion of subcontract performance. The purchasing system includes policies and practices regarding price competition, price analysis, subcontractor evaluation, and compliance with prime contract clauses and public law.

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Rates and Factors

Dollar values or percentages (actual or estimated) which are multiplied by applicable base amounts (such as one hour of labor effort, one dollar of labor cost, one unit of computer equipment or machine usage, etc) to produce resource or cost estimates. Collectively, the set of all such dollar values or percentages used within a particular estimating system to generate a resource or cost estimate. Includes labor rates, overhead rates, cost of money rates, cost estimating ratios, etc.

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Target Fee

The fee amount initially negotiated under a cost-plus-incentive-fee (CPIF) type contract; the amount of fee the contractor will receive under the contract if total allowable costs incurred equal the initially negotiated target cost. After contract performance, target fee is adjusted, within specified limits, based on the application of the initially negotiated fee-adjustment formula (or share ratio) to the difference between target cost and total allowable incurred costs.

Synonym: none

Antonyms: fixed fee, final fee amount

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Termination Contracting Officer (TCO)

A contracting officer assigned responsibility for settling a contract termination. The assigned individual may be a PCO or ACO, or a contracting officer who specializes in terminations.

Synonym: none

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:



### Teaming Agreement

- (1) An arrangement in which
  - (a) two or more companies form a partnership or joint venture to act as a potential prime contractor; or
  - (b) a potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program; or
  - (c) an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licenser, or leader company relationship.
- (2) The written documentation of such an arrangement.

Synonym: teaming arrangement

Antonym: none

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

### Unallowable Cost

Any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable. (FAR 31.001)

Synonym: none

Antonym: allowable cost

Do you agree with this definition?

Strongly	Disagree	Undecided	Agree	Strongly
Disagree				Agree

Comments:

## Appendix E: Final Proposed Definitions

### Affirmative Action

Positive steps taken to ensure equal employment opportunity and equal treatment of employees regardless of race, color, sex, age, national origin, handicap, or status as a disabled or Vietnam Era Veteran.

Synonym: none

Antonym: discriminatory practices

### Anti-trust Law

Federal and state statutes designed to prevent practices that eliminate competition or restrain trade. Examples of such practices are collusive bidding, follow-the-leader pricing, and rotated pricing. A more detailed list of practices that constitute violations of federal anti-trust laws is contained in FAR 3.301.

Synonym: none

Antonym: none

### Assessment Criteria

#### (1) (For other than science and technology)

A type of evaluation criterion that relates to the offeror's proposal and abilities. Examples of assessment criteria are soundness of approach, understanding the requirements, and compliance with the requirements.

Synonym: none

Antonym: none

#### (2) (For science and technology)

A type of evaluation criterion that relates to the offeror's proposal and abilities and are used to determine proposal acceptability and technical merit. Typical assessment criteria are understanding the problem, soundness of approach, compliance with requirements, novel

approach, availability of necessary equipment and facilities, management capability, and experience and qualifications.

Synonym: none

Antonym: none

#### Award Fee

The portion of fee on a contract with award-fee provisions that may be earned in whole or in part on the basis of a contractor's performance in accordance with the award fee plan set forth in the contract. The Government's determination of the amount of fee to be paid under the award fee provisions is subjective. This determination is not subject to the "Disputes" provision of the contract.

Synonym: none

Antonym: none

#### Bid Protest

See "Protest".

#### Buy American Act

Federal Law (41 U.S.C. 10), implemented by Executive Order 10852, 17 Dec 54 (as amended) and the Federal Acquisition Regulation (FAR) stating that materials, supplies, or articles acquired for public use shall be substantially constituted from domestically mined or manufactured materials; products are considered of domestic origin if over 50% of the components in them are mined or manufactured in the United States. See FAR 25.1 for exceptions to the Act.

Synonym: none

Antonym: free trade

#### Certificate of Current Cost or Pricing Data

A certificate which states that the cost or pricing data submitted to the Government as required by FAR 15.804-2 are accurate, complete, and current as of the date the contractor and the Government agreed on a price. This certificate must be submitted as soon as practicable after

price agreement is reached but prior to award or definitization of the contract or modification to which it pertains.

Synonym: certificate

Antonym: none

#### Competition in Contracting Act

Division B, Title VII, of the Deficit Reduction Act of 1984 (Public Law 98-369), CICA is applicable to solicitations issued after 31 Mar 85. It enacted sweeping amendments to the Armed Services Procurement Act (ASPA) and the Federal Property and Administrative Services Act (FPASA), and includes amendments to the Office of Federal Procurement Policy (OFFPP) Act and the Budget and Accounting Act. Changes include:

- requirement to provide for full and open competition by soliciting sealed bids or requesting competitive proposals, or use other competitive procedures, unless a statutory exception permits other than full and open competition;
- new justification, approval, and notice requirements for contracts employing other than full and open competition;
- requirement for the appointment of competition advocates and enumeration of their responsibilities;
- amendment to Budget and Accounting Act to codify and strengthen GAO bid protest procedures; and
- amendment to FPASA to provide a new authority to resolve protests involving procurement of ADP equipment under Public Law 89-306.

Synonym: none

Antonym: none

#### Competitive Negotiation

A negotiated procurement that: (1) is initiated by a request for proposals which states the Government's requirements and the criteria for evaluation of offerors' proposals; (2) contemplates the submission of timely proposals by the maximum number of possible offerors through the use of the competitive procedures set forth in FAR 15.6; (3) usually provides discussions with those offerors found to be within the competitive range; and (4) concludes with the award of a contract(s) to

the offeror(s) whose proposal(s) is (are) determined to be most advantageous to the government after consideration of the evaluation criteria set forth in the request for proposal.

Synonym: none

Antonym: sole source negotiations; sealed bidding; mandated sources

#### Contract, Cost Reimbursement (CR)

- (1) A type of contract which provides for payment to the contractor of allowable, allocable, and reasonable costs incurred in the performance of the contract, to the extent prescribed in the contract, but which includes no provisions for payment of a fee.

Synonym: cost contract

Antonym: fixed-price contract

- (2) Any of a class of contract types, including cost reimbursement (CR), cost-plus-fixed-fee (CPFF), cost-plus-incentive-fee (CPIF), and cost-plus-award-fee (CPAF), which provides for payment to the contractor of allowable, allocable, and reasonable costs incurred in the performance of a contract, to the extent that such costs are prescribed or permitted by the contract. Under these contracts, an estimate of total cost is developed for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without approval of the authorized representative of the buyer.

Synonym: cost type contract

Antonym: fixed price type contract

#### Contract, Fixed Price

Any of a class of contract types, including firm-fixed-price (FFP), fixed-price-with-escalation, fixed-price-redeterminable, and fixed-price-incentive (FPI), the common characteristic of which is a price ceiling. The contract may provide for a firm price, or one which is adjustable, based on contract clauses relative to contract changes, economic price adjustment, etc. Under any of the fixed-price arrangements, the contractor is obligated to deliver the product or perform the service required by the contract regardless of actual costs incurred.

Synonym: none

Antonym: cost type contract; cost reimbursement contract

#### Contract, Indefinite Quantity (IO)

A type of indefinite-delivery contract which provides for an indefinite quantity, within stated minimum and maximum limits, of specific supplies or services to be furnished during a fixed period, with deliveries to be scheduled by placing orders with the contractor.

Synonym: none

Antonym: definite-delivery contract

#### Cost Accounting Standards (CAS)

Principles, applicable to the compilation and analysis of costs of selling and/or manufacturing products or services, including methods for classifying, summarizing, recording, reporting, and allocating costs, established by the Cost Accounting Standards Board for the purpose of achieving uniformity and consistency in the treatment of costs by defense contractors and subcontractors. See FAR Part 30 for an enumeration of cost accounting standards and the rules for determining the applicability of CAS.

Synonym: none

Antonym: none

#### Cost Criterion

A mandatory evaluation criterion that states the basis for the evaluation of the offeror's proposal for purposes of award in terms of cost or price. Examples of cost criteria are acquisition cost/price, estimated cost, and Most-Probable-Life-Cycle-Cost (MPLCC). Cost criterion may be evaluated for cost realism, cost reasonableness, and completeness of cost.

Synonyms: cost factor; cost area

Antonym: none

### Cost Estimating Relationship (CER)

A mathematical expression relating cost as the dependent variable to one or more independent, cost-driving variables. The relationship may be cost-to-cost, such as using manufacturing costs to estimate quality assurance costs. The relationship may also be cost-to-noncost, such as estimating manufacturing costs based on the weight associated with the hardware change being estimated.

Synonyms: parametrics; pricing factors; estimating factors

Antonyms: direct estimates; engineering estimates

### Cost Growth

The increase of estimated cost over a baseline figure for a program, project, task, or contract.

Synonym: none

Antonym: none

### Cost Performance Report

A contract data item that reports cost and schedule progress to date and the details of actual and projected deviations from schedules and planned costs as indicators of present and future performance. This report facilitates the timely identification of problems and assists the Government program manager in the decision making process. It also contains information on contractor management actions that are being taken to correct existing problems.

Synonym: none

Antonym: none

### Data Item Description (DID)

The specification for a Contracts Data Requirements List (CDRL) item. Information set forth in the DID includes, but is not limited to, the title, identification number, the description and purpose of the data item, approval date of the DID, the office of primary responsibility, and detailed preparation instructions for the data item.

Synonym: none

Antonym: none

#### Debriefing

A briefing provided to the unsuccessful offeror(s) when a contract has been awarded on the basis of other than price alone. An unsuccessful offeror must request this briefing in writing, whereupon it must be furnished as soon as possible. The briefing must provide the basis for the selection and award, and must also contain the weak points of the unsuccessful offeror's proposal in relation to the requirements of the solicitation. See FAR 15.1003 for the details of what cannot be revealed in the briefing.

Synonym: none

Antonym: none

#### Economic Price Adjustment (EPA) Clause

A clause which provides for upward and downward revision of the stated contract price of a fixed-price contract upon the occurrence of specified contingencies. An economic price adjustment clause can base price adjustment on established prices, actual costs of labor or material, or indexes of labor or material.

Synonym: escalation clause

Antonym: none

#### Estimate at Completion (EAC)

The current forecast of what the final cost of an effort will be. It consists of actual costs to date plus the estimate of the balance through completion of the effort.

Synonym: none

Antonym: none



### Estimate to Complete (ETC)

Those necessary and reasonable costs that in the estimator's judgement are expected to be incurred in completing the remaining work to be performed under the contract with respect to the item(s) to which the estimate relates.

Synonym: none

Antonym: actuals

### Evaluation Criteria for Source Selection

The basis for evaluating each offeror's capability, as evidenced in its proposal, to meet the Government's requirements as stated in the solicitation. The relative importance of the evaluation criteria must be clearly stated in the solicitation. Examples of categories of evaluation criteria (followed by a practical example in parentheses) are: assessment criteria (soundness of approach); cost (price) criterion (life cycle cost); and specific criteria (technical).

Synonym: none

Antonym: none

### Expense Pool

A grouping of incurred costs, identified with two or more objectives but not identified specifically with any final cost objective, to be allocated to final cost objectives based on their beneficial or causal relationship to those objectives.

Synonym: indirect cost pool

Antonym: none

### Forward Pricing Rate Agreement (FPRA)

A written agreement negotiated between a contractor and the Government to make certain rates available during a specified period for use in pricing contracts or modifications. Such rates represent reasonable projections of specific costs that are not easily estimated for, identified with, or generated by a specific contract, contract end item, or task. These projections may include rates for labor, indirect

costs, material obsolescence and usage, spare parts provisioning, and material handling. (FAR 15.801)

Synonym: forward pricing arrangement

Antonym: none

#### Incurring Cost

A cost identified through the accrual method of accounting and reporting, or otherwise actually paid. Cost of direct labor, direct materials, and direct services identified with and necessary for the performance of a contract, and all properly allocated and allowable indirect costs as shown by the accounting records of the contractor.

Synonyms: cost incurred; actuals

Antonym: estimated costs

#### Independent Research and Development (IR&D)

Company-funded, engineering direct activities which are neither sponsored by a grant, nor required in performing a contract, and which involve inquiry, examination, investigation, and experimentation which fall within any of the following four areas: (a) basic research, (b) applied research, (c) development, and (d) systems and other concept formulation studies.

Synonym: none

Antonym: none

#### Labor Surplus Area

A geographic area identified by the Department of Labor in accordance with 20 CFR 654 as an area of concentrated unemployment, an area of concentrated underemployment, or an area of labor surplus.

Synonym: economically depressed area

Antonym: none

### Labor Surplus Area Concern

A concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price.  
(FAR 20.101)

Synonym: none

Antonym: none

### Other than Full and Open Competition

The condition that exists when a contract is contemplated or awarded on a basis other than that of (1) full and open competition, or (2) full and open competition after exclusion of sources. Contracting with the only responsible source is an example of use of other than full and open competition as the basis for award. FAR 6.302 contains the seven statutory authorities for use of other than full and open competition.

Synonym: none

Antonym: full and open competition

### Pre-Award

All activities and efforts, performed by either the government or contractor, that directly relate to the award of a contract and occur prior to the award of said contract are preaward. Examples are acquisition planning, solicitation preparation, proposal preparation and submission, and proposal evaluation.

Synonym: none

Antonym: post-award

### Profit/Fee Analysis

The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective. The weighted guidelines method is

the structured approach used within DoD. Profit analysis is appropriate only when price negotiation is based on cost analysis.

Synonym: weighted guidelines (WGL)

Antonym: none

#### Prompt Payment Discount

A percentage reduction of the invoice amount offered for the early payment of cash as a means of encouraging payment before the expiration of the credit period. For example, if a contract or purchase order includes credit terms of 2/10, n/30, a prompt payment discount of 2% of the invoice amount may be taken if payment is made within 10 days of the invoice date.

Synonym: cash discount

Antonym: interest payment

#### Prospective Pricing

A pricing decision made in advance of performance, based on analysis of comparative prices, cost estimates, past costs, or combinations of such considerations. (Armed Services Pricing Manual)

Synonym: forward pricing

Antonym: none

#### Purchasing System

The methods, practices, procedures and policies applicable to the purchase of material and services, placement of subcontracts, and management of subcontracts from development of the requirement through completion of subcontract performance. The purchasing system includes policies and practices regarding price competition, price analysis, cost analysis, subcontractor evaluation, and compliance with prime contract clauses and public law.

Synonym: none

Antonym: none

### Rates and Factors

Dollar values or percentages (actual or estimated) which are multiplied by applicable base amounts (such as one hour of labor effort, one dollar of labor cost, one unit of computer equipment or machine usage, etc) to produce resource or cost estimates. Collectively, the set of all such dollar values or percentages used within a particular estimating system to generate a resource or cost estimate. Includes labor rates, overhead rates, cost of money rates, cost estimating ratios, etc.

Synonym: none

Antonym: none

### Set-Aside

The reservation of an acquisition for participation by small business concerns, small disadvantaged business concerns, or business concerns located in an area designated as a labor surplus area by the Department of Labor. Small business set-asides may be for all or part of an acquisition. For special applications to the Department of Defense, see FAR Parts 19 and 20, and DFARS Part 219.

Synonym: none

Antonym: unrestricted competition

### Small Business Concern

A concern organized for profit, that, when taken together with its affiliates: is independently owned and operated; is not dominant in the field of operations in which it is bidding on government contracts; and can qualify as a small business concern under the criteria and size standards established by the Small Business Administration.

Synonym: none

Antonyms: large business; non-profit concern

### Small/Small Disadvantaged Business Concern

A small business concern that is at least 51% owned, unconditionally, by one or more individuals who are socially and economically

disadvantaged (see FAR 19.703 (a) (2)) and who have verifiable day-to-day control of the business.

Synonym: none

Antonym: large business; non-profit concern

Source Selection Authority (SSA)

The official whose primary duties are to approve the Source Selection Plan, direct the source selection, review the results of the evaluation, and make the source selection decision.

Synonym: none

Antonym: none

Source Selection Advisory Council (SSAC)

A group of senior government personnel appointed by the Source Selection Authority (SSA) to advise the SSA on the conduct of the source selection process and to prepare for the SSA a comparative analysis of the evaluation results of the Source Selection Evaluation Board. The SSAC is normally used in large source selections, such as major weapon system acquisitions.

Synonym: none

Antonym: none

Source Selection Evaluation Board (SSEB)

A group of government personnel representing various functional and technical disciplines relevant to the acquisition, whose principal duties are to evaluate the offerors' proposals against approved

evaluation standards and report the findings of this evaluation to the Source Selection Advisory Council and the Source Selection Authority.

Synonyms: proposal review panel; proposal evaluation panel

Antonym: none

### Specific Criteria

A category of evaluation criterion that represent important program characteristics. Specific criteria may be subdivided for evaluation purposes. Examples of specific criteria might include technical, logistics, manufacturing, operational utility, design approach, reliability and maintainability, data management, program management, and test and evaluation.

Synonym: none

Antonym: none

### Target Fee

The fee amount associated with target cost which is initially negotiated under a cost-plus-incentive-fee (CPIF) type contract; the amount of fee the contractor will receive under the contract if total allowable costs/performance level/schedule incurred equal the initially negotiated target cost/performance level/schedule. After contract performance, target fee is adjusted, within specified limits, through application of the initially negotiated fee-adjustment formula (or share ratio) to the difference between target cost and total allowable incurred costs.

Synonym: none

Antonyms: fixed fee; final fee amount

### Teaming Agreement

- (1) An arrangement in which
  - (a) two or more companies form a partnership or joint venture to act as a potential prime contractor; or
  - (b) a potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program; or
  - (c) an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licenser, or leader company relationship.
- (2) The written documentation of such an arrangement.

Synonym: teaming arrangement

Antonym: none

### Technical Evaluation

A review and evaluation of an offeror's proposal performed by qualified personnel. The review and evaluation include, but are not limited to, an evaluation of the offeror's technical approach against the requirements of the solicitation, an assessment of the quantities and kinds of material proposed, the quantity and mix of proposed labor hours, and the proposed special tooling, special test equipment, facilities, and Government Furnished Property (GFP).

Synonym: technical analysis

Antonym: none

### Termination Contracting Officer (TCO)

A contracting officer assigned responsibility for settling a contract termination. The assigned individual may be a PCO or ACO, or a contracting officer who specializes in terminations.

Synonym: none

Antonym: none

### Unallowable Cost

Any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable. (FAR 31.001)

Synonym: none

Antonym: allowable cost



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### Vitae

Michael J. Cushing was born on 11 May 1948 in Cincinnati OH. He graduated from Elder High in Cincinnati in 1966. Following a tour in the U.S. Army, he attended college on the G.I. Bill and graduated from the University of Cincinnati with a Bachelor of Business Administration Degree (Major: Economics) in June of 1972. He began his civilian career with the U.S. Air Force at Aeronautical Systems Division in June of 1974 as a contract negotiator in the Directorate for Reconnaissance and Electronic Warfare. He moved up the career ladder within that organization, obtaining a PCO warrant in 1980. Mike was promoted to Group Leader in the Specialized Contracting Division in 1984. Following a transfer to the Naval Training Systems Center, he returned to ASD in 1987 as a PCO on the C-17 program. He was promoted to the position of Source Selection Analyst in September of 1988. Mike remained in that position until entering the School of Systems and Logistics, Air Force Institute of Technology, in May of 1991.

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The goal of this research effort was to develop consensus definitions for fifty-one (51) contracting terms. This was accomplished by developing a synthesized definition for each term based on a review of the available published literature, subjecting the synthesized definitions to expert scrutiny via a survey distributed to recognized contracting professionals, and amending the literature-based definitions as indicated by the survey responses. Using this approach, consensus was achieved on all but one term. The consensus definitions developed in this way are recommended for inclusion in a comprehensive dictionary of contracting terminology, to be comprised of the results of this and other related theses. In addition, as indicated by the survey results, three terms are recommended for further study in a later thesis effort.

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